

NOT A NEW ISSUE

RATINGS: See "Ratings" herein

## SECONDARY MARKET INFORMATION CIRCULAR

relating to

**\$248,350,000  
City of Austin, Texas  
Airport System  
Revenue Refunding Bonds  
Series 2005**

consisting of

**Subseries**

**Bank**

**\$62,075,000 Variable Rate Demand Bonds, Sub-Series 2005-1  
\$62,050,000 Variable Rate Demand Bonds, Sub-Series 2005-2  
\$62,100,000 Variable Rate Demand Bonds, Sub-Series 2005-3  
\$62,125,000 Variable Rate Demand Bonds, Sub-Series 2005-4**

**JPMorgan Chase Bank, N.A.  
JPMorgan Chase Bank, N.A.  
KBC Bank, New York Branch  
Royal Bank of Canada, WFC,  
New York, Branch**

This Secondary Market Information Circular ("Information Circular") has been prepared for use by the Remarketing Agent with respect to the above-referenced bonds (the "Series 2005 Bonds") and supplements the Remarketing Memorandum dated April 24, 2008 (the "2008 Remarketing Memorandum") relating to the Series 2005 Bonds. Sub-Series 2005-1 of the Series 2005 Bonds was remarketed on May 21, 2008. Sub-Series 2005-2 of the Series 2005 Bonds was remarketed on May 28, 2008. Sub-Series 2005-3 of the Series 2005 Bonds was remarketed on May 7, 2008. Sub-Series 2005-4 of the Series 2005 Bonds was remarketed on May 14, 2008. All terms not otherwise defined herein have the meanings given such terms in the 2008 Remarketing Memorandum.

The City of Austin, Texas (the "City") intends to substitute four separate direct-pay letters of credit, each constituting a Direct-Pay Credit Facility and a Liquidity Facility, for the existing Liquidity Facility. Such substitution will take place on June 21, 2011 (the "Tender Date"). The Series 2005 Bonds will be subject to mandatory tender for purchase on the Tender Date.

This Information Circular describes the Letter of Credit and Reimbursement Agreement dated as of June 1, 2011 between the City and JPMorgan Chase Bank, N.A. ("JPM"), with respect to Sub-Series 2005-1 and Sub-Series 2005-2 of the Series 2005 Bonds, the Letter of Credit and Reimbursement Agreement dated as of June 1, 2011 between the City and KBC Bank, N.V., acting through its New York Branch ("KBC"), with respect to Sub-Series 2005-3 of the Series 2005 Bonds, and the Letter of Credit and Reimbursement Agreement dated as of June 1, 2011 between the City and Royal Bank of Canada ("Royal Bank"), acting through its WFC, New York, Branch, with respect to Sub-Series 2005-4 of the Series 2005 Bonds (each such agreement a "Reimbursement Agreement" and collectively, the "Reimbursement Agreements"), that will be executed and delivered on or before the Tender Date. JPM, KBC and Royal Bank are individually referred to herein as a "Bank" and collectively referred to herein as the "Banks". The Banks will each issue a letter of credit with respect to the particular Sub-Series of Series 2005 Bonds, as provided in the respective Reimbursement Agreement, in the amount of \$63,156,636.00, in the case of JPM with respect to Sub-Series 2005-1 of the Series 2005 Bonds, in the amount of \$63,131,200.00, in the case of JPM with respect to Sub-Series 2005-2 of the Series 2005 Bonds, in the amount of \$63,182,072.00, in the case of KBC with respect to Sub-Series 2005-3 of the Series 2005 Bonds, and in the amount of \$63,207,507.00, in the case of Royal Bank with respect to Sub-Series 2005-4 of the Series 2005 Bonds (individually, a "Letter of Credit" and collectively, the "Letters of Credit"), that will be delivered on the Tender Date. Each Letter of Credit is calculated on the basis of the currently outstanding principal amount of the Sub-Series of 2005 Bonds for which it is issued, plus fifty-three (53) days accrued interest thereon at the rate of twelve percent (12%) per annum calculated on the basis of a 365/366 day year. Each Letter of Credit will expire on June 21, 2014, unless extended or terminated sooner in accordance with the terms of the respective Reimbursement Agreement. See "**REIMBURSEMENT AGREEMENTS**" herein. The Letters of Credit also are referred to in this Information Circular as the "Credit Facility".

Pursuant to the Reimbursement Agreements, payment of principal of and interest on the Series 2005 Bonds will be effected through draws upon the Letters of Credit. Pursuant to the Reimbursement Agreements, payment of the purchase price of each Series 2005 Bond tendered for purchase pursuant to the Ordinance and not remarketed will be payable, subject to the satisfaction of certain conditions, from funds drawn under the respective Letters of Credit to be paid by the Banks. Series 2005 Bonds tendered for purchase will be paid first, from the proceeds of remarketing, if any, and second, from a Liquidity Drawing on a Letter of Credit. Each Bank is severally liable solely with respect to the purchase price of the Series 2005 Bonds for which it is obligated and not for any other Series 2005 Bonds, and the Banks are not jointly liable for payment of the purchase price of the Series 2005 Bonds. The City has no obligation to purchase tendered Series 2005 Bonds. See "**REIMBURSEMENT AGREEMENTS**" herein.

This cover page contains certain information for general reference only. It is not intended to be a summary of this transaction. Investors are advised to read the entire Information Circular (including without limitation the information described herein under "**THE CITY; DOCUMENTS INCORPORATED BY REFERENCE**") in conjunction with the 2008 Remarketing Memorandum to obtain information essential to making an informed investment decision with respect to the Series 2005 Bonds.

**Morgan Stanley & Co Incorporated,  
as Remarketing Agent**

*The date of this Information Circular to the 2008 Remarketing Memorandum is June 14, 2011.*

The summary information set forth below applies to the Series 2005 Bonds only while the Series 2005 Bonds bear interest at the Weekly Rate. The City has reserved the right in the Ordinance to convert the interest rate mode on the Series 2005 Bonds to permit the interest rate to be determined on a basis other than the Weekly Rate. This information is qualified by reference to the 2008 Remarketing Memorandum, and investors should review the 2008 Remarketing Memorandum, as supplemented by this Information Circular, in its entirety before making any investment decisions with respect to the Series 2005 Bonds.

	<b><u>Sub-Series 2005-1</u></b>	<b><u>Sub-Series 2005-2</u></b>	<b><u>Sub-Series 2005-3</u></b>	<b><u>Sub-Series 2005-4</u></b>
Maturity Date:	November 15, 2025	November 15, 2025	November 15, 2025	November 15, 2025
Principal Amount:	\$62,075,000	\$62,050,000	\$62,100,000	\$62,125,000
CUSIP No.:	052398DR2	052398DS0	052398DT8	052398DU5
Initial Interest Period:	Weekly	Weekly	Weekly	Weekly
Interest Payment Dates Generally:	First Business Day of each Month	First Business Day of each Month	First Business Day of each Month	First Business Day of each Month
Initial Credit/Liquidity Provider:	JPMorgan Chase Bank, N.A.	JPMorgan Chase Bank, N.A.	KBC Bank, New York Branch	Royal Bank of Canada, WFC, New York, Branch
Expiration Date of Letter of Credit:	June 21, 2014	June 21, 2014	June 21, 2014	June 21, 2014
Initial Short-Term Ratings:	Moody's: P-1 S&P: A-1 + Fitch: F1+	Moody's: P-1 S&P: A-1 + Fitch: F1+	Moody's: P-1 S&P: A-1 Fitch: F1	Moody's: P-1 S&P: A-1 Fitch: F1+
Initial Long-Term Ratings:	Moody's: Aa1 S&P: AA- Fitch: AA-	Moody's: Aa1 S&P: AA- Fitch: AA-	Moody's: Aa3 S&P: A Fitch: A	Moody's: Aa1 S&P: AA- Fitch: AA

## REGARDING USE OF THIS INFORMATION CIRCULAR

This Information Circular has been prepared with respect to the Series 2005 Bonds only.

This Information Circular does not constitute a reoffering or a solicitation of a reoffering of the Series 2005 Bonds, nor shall there be any such reoffering, in any jurisdiction to any person to whom it is unlawful to do so. No dealer, salesman or any other person has been authorized to give any information other than that contained in this Information Circular or to make any representations and, if given or made, such other information or representations must not be relied upon as having been authorized by the City, the Remarketing Agent, the Banks or any other person.

Wells Fargo Bank, N.A., in each of its capacities as Paying Agent/Registrar and Tender Agent, has not participated in the preparation of this Information Circular and assumes no responsibility for its content.

The information contained in Appendix A to this Information Circular pertaining to each Bank has been provided by the applicable Bank. The Remarketing Agent has reviewed the information in this Information Circular in accordance with, and as part of, its responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Remarketing Agent does not guarantee the accuracy or completeness of such information.

Neither the City, its Financial Advisor, the Remarketing Agent nor the Banks make any representation or warranty with respect to the information contained in this Information Circular under the caption "**BOND INSURANCE**" regarding Assured Guaranty Municipal Corp. ("AGM") or its policy, as such information has been furnished by AGM.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Information Circular nor any remarketing of the Series 2005 Bonds by the Remarketing Agent shall, under any circumstances, create an implication that there has been no change in the affairs of the City, the Banks or any other person or in the other matters described herein.

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## **SECONDARY MARKET INFORMATION CIRCULAR**

relating to

**\$248,350,000  
City of Austin, Texas  
Airport System  
Revenue Refunding Bonds  
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### **Subseries**

**\$62,075,000 Variable Rate Demand Bonds, Sub-Series 2005-1  
\$62,050,000 Variable Rate Demand Bonds, Sub-Series 2005-2  
\$62,100,000 Variable Rate Demand Bonds, Sub-Series 2005-3  
\$62,125,000 Variable Rate Demand Bonds, Sub-Series 2005-4**

*Capitalized terms not otherwise defined herein shall have the meanings set forth in the 2008 Remarketing Memorandum relating to the Series 2005 Bonds described below. Investors are advised to read this Information Circular in conjunction with the 2008 Remarketing Memorandum referenced below to obtain information essential to making an informed investment decision with respect to the Series 2005 Bonds.*

## **PURPOSE OF THIS INFORMATION CIRCULAR**

This Information Circular has been prepared for use by the Remarketing Agent with respect to the above-referenced Series 2005 Bonds (the "Series 2005 Bonds") and supplements the Remarketing Memorandum dated May 5, 2008 (the "2008 Remarketing Memorandum") relating to the Series 2005 Bonds. Sub-Series 2005-1 of the Series 2005 Bonds was remarketed on May 21, 2008. Sub-Series 2005-2 of the Series 2005 Bonds was remarketed on May 28, 2008. Sub-Series 2005-3 of the Series 2005 Bonds was remarketed on May 7, 2008. Sub-Series 2005-4 of the Series 2005 Bonds was remarketed on May 14, 2008.

The Series 2005 Bonds were issued by the City of Austin, Texas (the "City" or the "Issuer") pursuant to the ordinance adopted by the City on August 4, 2005, as amended and supplemented on May 26, 2011 (the "Ordinance").

The City intends to substitute four separate direct-pay letters of credit, each constituting a Direct-Pay Credit Facility and a Liquidity Facility, for the existing Liquidity Facility issued in support of the Series 2005 Bonds. Such substitution will take place on June 21, 2011 (the "Tender Date"). The Series 2005 Bonds will be subject to mandatory tender for purchase on the Tender Date.

This Information Circular describes the Letter of Credit and Reimbursement Agreement dated as of June 1, 2011 between the City and JPMorgan Chase Bank, N.A. ("JPM"), with respect to Sub-Series 2005-1 and Sub-Series 2005-2 of the Series 2005 Bonds, the Letter of Credit and Reimbursement Agreement dated as of June 1, 2011 between the City and KBC Bank, acting through its New York Branch ("KBC"), with respect to Sub-Series 2005-3 of the Series 2005 Bonds, and the Letter of Credit and Reimbursement Agreement dated as of June 1, 2011 between the City and Royal Bank of Canada ("Royal Bank"), acting through its WFC, New York, Branch, with respect to Sub-Series 2005-4 of the Series 2005 Bonds (each such agreement a "Reimbursement Agreement" and collectively, the "Reimbursement Agreements"), that will be executed and delivered on or before the Tender Date. JPM, KBC and Royal Bank are individually referred to herein as a "Bank" and collectively referred to herein as the "Banks". The Banks will each issue a letter of credit with

respect to the particular Sub-Series of Series 2005 Bonds, as provided in the respective Reimbursement Agreement, in the amount of \$63,156,636.00, in the case of JPM with respect to Sub-Series 2005-1 of the Series 2005 Bonds, in the amount of \$63,131,200.00, in the case of JPM with respect to Sub-Series 2005-2 of the Series 2005 Bonds, in the amount of \$63,182,072.00, in the case of KBC with respect to Sub-Series 2005-3 of the Series 2005 Bonds, and in the amount of \$63,207,507.00, in the case of Royal Bank with respect to Sub-Series 2005-4 of the Series 2005 Bonds (individually, a "Letter of Credit" and collectively, the "Letters of Credit"), that will be delivered on the Tender Date. Each Letter of Credit is calculated on the basis of the currently outstanding principal amount of the Sub-Series of Series 2005 Bonds for which it is issued, plus fifty-three (53) days accrued interest thereon at the rate of twelve percent (12%) per annum calculated on the basis of a 365/366 day year. Each Letter of Credit will expire on June 21, 2014, unless extended or terminated sooner in accordance with the terms of the respective Reimbursement Agreement. See **"REIMBURSEMENT AGREEMENTS"** herein. The Letter of Credit also is referred to in this Information Circular as the "Credit Facility".

Pursuant to the Reimbursement Agreements, payment of principal of and interest on the Series 2005 Bonds will be effected through draws upon the Letters of Credit. Pursuant to the Reimbursement Agreements, payment of the purchase price of each Series 2005 Bond tendered for purchase pursuant to the Ordinance and not remarketed will be payable, subject to the satisfaction of certain conditions, from funds drawn under the respective Letters of Credit to be paid by the Banks. Series 2005 Bonds tendered for purchase will be paid first, from the proceeds of remarketing, if any, and second, from a Liquidity Drawing on a Letter of Credit. Each Bank is severally liable solely with respect to the purchase price of the Series 2005 Bonds for which it is obligated and not for any other Series 2005 Bonds, and the Banks are not jointly liable for payment of the purchase price of the Series 2005 Bonds. The City has no obligation to purchase tendered Series 2005 Bonds. See **"REIMBURSEMENT AGREEMENTS"** herein.

The substitution of the Letters of Credit for the existing Liquidity Facility issued in support of the Series 2005 Bonds resulted in amendments to the Authorizing Ordinance adopted by the City. See **"APPENDIX D—AMENDMENTS TO MULTI-MODAL PROVISIONS"** to this Information Circular for a description of those amendments. The substitution of the Letters of Credit for the existing Liquidity Facility resulted in certain descriptions in the 2008 Remarketing Agreement being superseded for so long as the Letters of Credit remain in effect. See **"APPENDIX E—CERTAIN REVISIONS TO 2008 REMARKETING MEMORANDUM"** to this Information Circular for a description of those changes.

## **REIMBURSEMENT AGREEMENTS**

*The Letters of Credit issued by JPM under the terms of the Reimbursement Agreement relating to Sub-Series 2005-1 and Sub-Series 2005-2 of the Series 2005 Bonds, the Letter of Credit issued by KBC under the terms of the Reimbursement Agreement relating to Sub-Series 2005-3 of the Series 2005 Bonds, and the Letter of Credit issued by Royal Bank under the terms of the Reimbursement Agreement relating to Sub-Series 2005-4 of the Series 2005 Bonds, provide credit and liquidity support only for the Sub-Series of the Series 2005 Bonds covered by each Letter of Credit. The terms and conditions of the Reimbursement Agreement relating to each Letter of Credit issued in respect to a Sub-Series of the Series 2005 Bonds are substantially the same. The following summary of the Reimbursement Agreements does not purport to be comprehensive or definitive and is subject to all the terms and provisions of the Reimbursement Agreements to which reference is made hereby. Investors are urged to obtain and review a copy of the Reimbursement Agreements in order to understand all of the terms of those documents. Copies of the Reimbursement Agreements may be obtained from the City or from the City's Financial Advisor, Public Financial Management, Inc. Austin, Texas. See **"APPENDIX A—INFORMATION REGARDING THE BANKS"** for certain information regarding the Banks. Certain defined terms used in this section of the Offering Circular have the meanings given said terms in **"APPENDIX B—REIMBURSEMENT AGREEMENT DEFINED TERMS"**.*

## General

Upon compliance with the terms and conditions of each Reimbursement Agreement, and subject to the terms and conditions set forth therein, the Banks are each obligated, subject to the satisfaction of certain conditions precedent, to provide funds for the purchase of the particular Sub-Series of the Series 2005 Bonds that are tendered for purchase and not remarketed, whether at the option of the owner of such Sub-Series of the Series 2005 Bonds or upon mandatory tender for purchase. **The Banks are not jointly liable for payment of the Purchase Price of the Series 2005 Bonds, and neither Bank is liable for payment of the Purchase Price of any of the Series 2005 Bonds in excess of its particular percentage.**

The Paying Agent is authorized to make drawings for the scheduled payment of principal of and interest on the Bonds of any Sub-Series (each, a "Credit Drawing"). The Tender Agent is authorized to make a drawing for the payment of the purchase price of the Bonds bearing interest at the Weekly Rate that have been tendered and not remarketed (each, a "Liquidity Drawing"), subject to certain conditions set forth in the Letters of Credit and in the Reimbursement Agreement in respect to the Sub-Series of the Series 2005 Bonds to which the Letter of Credit is applicable.

Each Liquidity Drawing shall constitute an advance (a "Liquidity Advance") under a Letter of Credit. In each Reimbursement Agreement, the City promises to reimburse each Bank for the interest portion of each Liquidity Advance (as a result of a Liquidity Drawing under the applicable Letter of Credit) on the earliest to occur of (A) the next succeeding Interest Payment Date, (B) the date on which the applicable Letter of Credit is replaced by a Substitute Credit Facility pursuant to the terms of the Ordinance, (C) the date on which any Sub-Series of Series 2005 Bonds purchased with funds disbursed under the applicable Letter of Credit in connection with such Liquidity Drawing are redeemed, prepaid or canceled pursuant to the Ordinance, (D) the date on which any Sub-Series of Series 2005 Bonds purchased with funds disbursed under the applicable Letter of Credit in connection with such Liquidity Drawing are remarketed or deemed remarketed pursuant to the Ordinance, (E) the Conversion Date with respect to all of the Series 2005 Bonds supported by the applicable Letter of Credit, and (F) the termination of the applicable Letter of Credit pursuant to the terms of the applicable Reimbursement Agreement. In each Reimbursement Agreement, the City promises to reimburse each Bank for the principal portion of each Liquidity Advance under its applicable Letter of Credit on the earliest to occur of (A) the date on which the applicable Letter of Credit is replaced by a Substitute Credit Facility pursuant to the terms of the Ordinance, (B) the date on which any Sub-Series of Series 2005 Bonds purchased with funds disbursed under the applicable Letter of Credit in connection with such Liquidity Advance are redeemed, prepaid or canceled pursuant to the Ordinance, (C) the date on which any Sub-Series of Series 2005 Bonds purchased with funds disbursed under the applicable Letter of Credit in connection with such Liquidity Advance are remarketed or deemed remarketed pursuant to the Ordinance, (D) the date which is one (1) Business Day following the Conversion Date with respect to all of the Series 2005 Bonds supported by the applicable Letter of Credit, and (E) if on the Amortization Commencement Date the Bond Policy is no longer in effect and the Conditions Precedent are not satisfied, the Amortization Commencement Date.

The Sub-Series of the Series 2005 Bonds purchased by a Bank ("Bank Bonds") shall bear interest at the rates set forth in the Reimbursement Agreement applicable to such Sub-Series and shall be repaid as provided therein. All Liquidity Drawings and Credit Drawings shall be made under the applicable Letter of Credit in accordance with its terms. The City has directed the Banks to make payments under the applicable Letter of Credit in the manner provided therein. The City's obligation to repay the principal portion of each Liquidity Advance and to pay interest thereon shall be evidenced and secured by the Bank Bonds.

Unless otherwise paid in full on one of the dates provided above, the principal portion of each Liquidity Advance shall be payable by the City in semiannual installments ("Semiannual Principal Payments") on each Amortization Payment Date, with the final installment in an amount equal to the entire then outstanding principal amount of such Liquidity Advance due and payable on the Amortization End Date (the period commencing on the Amortization Commencement Date and ending on the Amortization End Date is



herein referred to as the "Amortization Period"). Each Semiannual Principal Payment shall be that amount of principal which will result in equal (as nearly as possible) Semiannual Principal Payments over the applicable Amortization Period. Notwithstanding the foregoing, if an Amortization End Date is changed in accordance with the proviso to clause (b) of the definition of "Amortization End Date" (as a result of the Bond Policy being terminated after the related Amortization Commencement Date), the Amortization Period shall be adjusted to reflect the new Amortization End Date and each Semiannual Principal Payment due over the remaining term of the adjusted Amortization Period shall be that amount of principal which will result in equal (as nearly as possible) Semiannual Principal Payments over the remaining term of the adjusted Amortization Period.

If, however, at the time of payment by the Bank of any Liquidity Drawing the Bond Policy is no longer in effect and the Conditions Precedent are not satisfied, then all amounts of such Liquidity Drawing for which a Bank has not been reimbursed at the close of business of the day of the Bank's payment of such Liquidity Drawing shall be immediately due and payable and shall accrue interest at the Default Rate.

A Letter of Credit will terminate on the earliest of (i) the Stated Termination Date; (ii) the date which is one (1) Business Day following the date on which all of the Series 2005 Bonds of a Sub-Series are converted to bear interest at a rate other than a Weekly Rate; (iii) the date which is one (1) Business Day following receipt by the Bank of a certificate stating that the Sub-Series of the Series 2005 Bonds are no longer outstanding, the Available Amount has been reduced to zero and may not be reinstated, or a Substitute Credit Facility has been provided; (iv) the date on which a Stated Maturity Drawing (as defined in each Letter of Credit) is honored; (v) the date which is sixteen (16) days following receipt by the Paying Agent/Registrar and the Tender Agent of a written notice specifying the occurrence of a City Event of Default and the applicable Bank directing the Tender Agent to cause a mandatory tender of the Bonds in accordance with the Ordinance (but only with the written consent of the Insurer so long as the Bond Policy is in full force and effect and no Insurer Event of Default has occurred).

### **City Events of Default**

The following constitute City Events of Default under each Reimbursement Agreement:

(a) (i) any principal or interest evidenced by the Series 2005 Bonds or the Bank Bonds is not paid when due or (ii) any Drawing or any Liquidity Advance is not paid when due; or

(b) any representation or warranty made by the City in the Reimbursement Agreement or any other Financing Document shall prove to be untrue in any material respect on the date as of which it was made; or

(c) nonpayment of any amounts payable under the Reimbursement Agreement or the Bank Fee Agreement when due (other than amounts referred to in (a) above), if such failure to pay when due shall continue for six (6) Business Days; or

(d) failure of the City to observe or perform the covenants set forth in the Reimbursement Agreement relating to the occurrence of a Default or City Event of Default under a Reimbursement Agreement, any default under any other Financing Document to which the City is a party, or any filing by the City of a petition in bankruptcy; litigation with respect to the City or the Airport System; the City maintaining its corporate existence; the City notifying each Bank within ten (10) Business Days of the filing of any action in a court of competent jurisdiction reasonably likely to lead to the material diminution or reallocation of Net Revenues or funds received by the City under any Swap Contract relating to the Series 2005 Bonds and payable from Net Revenues, or any other event likely to have a material adverse effect on the financial condition or operations of the Airport System or the ability of the City to perform its obligations under the Reimbursement Agreement or any other Financing Document to which the City is a party; the City

maintaining insurance at prescribed levels; conversions and replacements of credit facilities; sovereign immunity; maintaining financial institutions acceptable to the Banks as Tender Agent, Paying Agent/Registrar and Remarketing Agent; replacing or funding the Debt Service Reserve Fund in an amount equal to the Debt Service Reserve Fund Requirement over an eighteen month period with cash in the event the financial strength rating of the Insurer is reduced below A3 or is withdrawn or suspended for credit related reasons by Moody's and is reduced below A- or is withdrawn or suspended for credit related reasons by S&P; and enumerated negative covenants.

(e) default in the due observance or performance by the City of any other term, covenant or agreement set forth in the Reimbursement Agreement (not covered in clauses (a), (c) or (d) above) and the continuance of such default for thirty (30) days after the earlier to occur of (i) the City obtaining actual knowledge thereof or (ii) receipt by the City of notice thereof from the Bank; or

(f) the Ordinance shall terminate or cease to be of full force and effect, other than as a result of any prepayment in full of all of the Bonds or provision for such prepayment in full in accordance with the Ordinance; or any provision of the Ordinance relating to the security for the Series 2005 Bonds or the Obligations, the City's ability to pay the Obligations or perform its obligations hereunder or the rights and remedies of the Bank, or any other material provision of the Ordinance or of any other Financing Document to which the City is a party, shall cease to be in full force or effect, or the City or any Person acting on behalf of the City shall deny or disaffirm the City's obligations under the Ordinance or any other Financing Document to which the City is a party; or

(g) (i) the City shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate the City as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to the City or its debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the City shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the City any case, proceeding or other action of a nature referred to in clause (i) above which (x) results in an order for such relief or in the appointment of a receiver or similar official or (y) remains undismissed, undischarged or unbonded for a period of sixty (60) days; or (iii) there shall be commenced against the City any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets, which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof, or (iv) the City shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) the City shall generally not, or shall be unable to, or so admit in writing its inability to, pay its debts; or

(h) the City or a governmental authority of competent jurisdiction shall have declared or announced a moratorium (whether or not in writing) with respect to any debt or Payment Obligation payable from Net Revenues; or

(i) any final, non-appealable judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes in an aggregate amount of \$5,000,000 or more, payable from Net Revenues, shall be entered or filed against the City, and shall remain unvacated, unbonded or unstayed for a period of sixty (60) days; or

(j) any "event of default" shall occur under the Ordinance or under any other Financing Document; or

(k) the long-term unenhanced rating assigned to any of the City's debt is reduced below "Baa2" by Moody's or below "BBB" by S&P or is suspended or withdrawn by Moody's or S&P; or

(l) except as otherwise provided in the Reimbursement Agreements, the Bond Policy is canceled or terminated or the Insurer is replaced with another insurer or the terms of the Bond Policy are amended or modified in any respect which, in the sole discretion of the Banks, would have an adverse effect on the rights or security of the Banks, in any case, which was (i) not at the direction of the Banks or (ii) without the prior written consent of the Banks.

(m) the City shall (i) default in any payment of any principal or premium of or interest on any of the City's long-term indebtedness in the amount of \$5,000,000 or more payable from Net Revenues (other than the Series 2005 Bonds, the Liquidity Drawings and the Liquidity Advances) beyond the period of grace, if any, provided in the instrument or agreement under which such long-term indebtedness was created; or (ii) default in the observance or performance of any agreement or condition relating to any such long-term indebtedness payable from Net Revenues or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such long-term indebtedness (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice is required), any such long-term indebtedness to become due prior to its stated maturity; or

(n) (i) a court or other governmental authority with jurisdiction to rule on the validity of the Reimbursement Agreement, the Ordinance or any other Financing Document to which the City is a party shall find, announce or rule that any material provision of the Reimbursement Agreement or any other Financing Document to which the City is a party, or any provision of the Ordinance, relating to the security for the Series 2005 Bonds or the Obligations, the City's ability to pay the Obligations or perform its obligations under the Reimbursement Agreements or the rights and remedies of the Banks under the respective Reimbursement Agreement or any other Financing Document, is not a valid and binding agreement of the City; or (ii) the City shall contest the validity or enforceability of the Reimbursement Agreements, any other Financing Document to which the City is a party or any provision of the Ordinance relating to the security for the Series 2005 Bonds or the Obligations, the City's ability to pay the Obligations or perform its obligations under the Reimbursement Agreements or the rights and remedies of the respective Bank under the respective Reimbursement Agreement or any other Financing Document; or (iii) the City or any other Person acting on behalf of the City shall seek an adjudication that the Reimbursement Agreements, any other Financing Document to which the City is a party or any provision of the Ordinance relating to the security for the Series 2005 Bonds or the Obligations, the City's ability to pay the Obligations or perform its obligations under the Reimbursement Agreements or the rights and remedies of the respective Bank under the respective Reimbursement Agreement or any other Financing Document to which the City is a party, is not valid and binding on the City.

## **Rights and Remedies**

If a City Event of Default shall have occurred, the Banks may exercise any one or more of the following rights and remedies in addition to any other remedies provided by law:

(a) give written notice of the occurrence of any City Event of Default to the Paying Agent, with a copy to the City and the Tender Agent, and, with the consent of the Required Banks, direct the Paying Agent to cause a mandatory tender of all of the Series 2005 Bonds as provided in the Reimbursement Agreements, thereby causing the Letters of Credit to terminate on the date

specified by the Banks in such notice, which date shall be the sixteenth (16th) day following the Paying Agent's receipt of such notice, and the Bond Policy to terminate in accordance with the provisions of the Cancellation Agreement, in which case the City and the Banks shall take such action as shall be necessary to effect such termination pursuant to the Cancellation Agreement; *provided, however*, if an Insurer Event of Default has occurred and is continuing, the Banks may direct the City and the Paying Agent that the Bond Policy shall not be terminated;

(b) pursue any rights and remedies it may have under the Financing Documents subject to the terms thereof, including, instituting suit, actions or proceedings to enforce their rights under the Ordinance; or

(c) pursue any other action available at law or in equity either for specific performance of any covenant or agreement contained in the Reimbursement Agreements or in aid of execution of any power granted by the Reimbursement Agreements or for the enforcement of any proper legal remedy; or

(d) declare all Obligations to be immediately due and payable, without any further notice of any kind, notice being waived by the City (unless such automatic acceleration is waived by the Bank in writing);

*provided, however*, that in the case of the foregoing clauses (b) and (c), a Bank shall not exercise any such rights and remedies or pursue such other actions, including directions or remedies under the Ordinance, without the consent of the Insurer unless the following conditions are met: (i) the Bond Policy is no longer in effect and (ii) unless an Insurer Event of Default has occurred and is continuing, the Insurer has been paid all amounts due and payable to it in which event, the Insurer's rights derived through subrogation or assignment shall continue in full force and effect; and *provided further*, notwithstanding the condition set forth in clause (a) of the foregoing proviso, if an Insurer Ordinance Event of Default has occurred, the Banks may, while the Bond Policy is in effect, exercise any such rights and remedies and pursue such other actions, including directions or remedies under the Ordinance. If a Bank, with the consent of the Required Banks, shall have directed the Paying Agent to cause a mandatory tender of all of the Series 2005 Bonds pursuant to the Reimbursement Agreements, the Bank will (unless an Insurer Event of Default has occurred and the Bank has directed the City and the Paying Agent that the Bond Policy shall not be terminated) satisfy at the earliest time practicable all applicable conditions to the effectiveness of termination of the Bond Policy pursuant to the Cancellation Agreement and direct the Paying Agent not to draw on the Bond Policy during the period between the Banks directing the Paying Agent to cause a mandatory tender of all of the Series 2005 Bonds and the effectiveness of termination of the Bond Policy. Notwithstanding anything to the contrary, the Insurer's right to enforce certain of the respective Bank's covenants set forth in each Reimbursement Agreement shall survive any termination of other rights of the Insurer.

In addition, each Bank may pursue any rights and remedies it may have under the Ordinance subject to the terms of the Ordinance, or pursue any other action available at law or in equity either for specific performance of any covenant or agreement contained in the Reimbursement Agreement to which it is a party or in aid of execution of any power granted therein.

#### **Mandatory Tender upon Insurer Event of Default or Insurer Downgrade**

In accordance with the terms of each Reimbursement Agreement, if an Insurer Event of Default or an Insurer Downgrade Event shall have occurred each Bank may give written notice to the Paying Agent, with a copy to the City and the Tender Agent, of the occurrence of an Insurer Event of Default or an Insurer Downgrade Event, as applicable, and, with the consent of the Required Banks, direct the Paying Agent to cause a mandatory tender of all of the Series 2005 Bonds in accordance with the Ordinance, thereby causing the Bond Policy to terminate in accordance with the terms of the Cancellation Agreement on the date specified in such notice, which date shall be the sixteenth (16th) day following the Paying Agent's receipt of

such notice. The City and the Banks shall take such action as may be necessary or required to effect such termination pursuant to the Cancellation Agreement. The Reimbursement Agreement defines "Insurer Downgrade Event" to mean the financial strength or claims-paying rating of the Insurer being (i) reduced below "Aa3" (or its equivalent) or suspended or withdrawn by Moody's and (ii) reduced below "AA-" (or its equivalent) or suspended or withdrawn by S&P.

If an Insurer Event of Default or an Insurer Downgrade Event shall have occurred and be continuing and, in either case, a City Event of Default shall also have occurred, the Bank may give written notice to the Paying Agent, with a copy to the City and the Tender Agent, of the occurrence of such Insurer Event of Default or Insurer Downgrade Event, as applicable, and such a City Event of Default and, with the consent of the Required Banks, direct the Paying Agent to cause a mandatory tender of all of the Bonds in accordance with the Ordinance, thereby causing the Letters of Credit to terminate on the date specified by the Bank in such notice, which date shall be the sixteenth (16th) day following the Paying Agent's receipt of such notice.

### **Mandatory Tender upon Failure to Pay Letter of Credit Fee**

If the City fails to pay any Letter of Credit Fee, the Banks may give written notice of such failure to pay to the Paying Agent, with a copy to the City and the Tender Agent, and, with the consent of the Required Banks, direct the Paying Agent to cause a mandatory tender of all of the Series 2005 Bonds in accordance with the Ordinance, thereby causing the Letters of Credit to terminate on the date specified in such notice, with date shall be the sixteenth (16th) day following the Paying Agent's receipt of such notice.

*The mandatory tenders of the Series 2005 Bonds described above in "REIMBURSEMENT AGREEMENTS - Mandatory Tender upon Insurer Event of Default or Insurer Downgrade" and "REIMBURSEMENT AGREEMENTS - Mandatory Tender upon Failure to Pay Letter of Credit Fee" are in addition to the mandatory tender provisions described in APPENDIX E under the heading "Mandatory Tenders".*

### **CANCELLATION AGREEMENT**

At the time the Letters of Credit are delivered, the Banks, the City, Wells Fargo Bank, National Association, as paying agent and tender agent (the "Agent"), and AGM will execute and deliver an Insurance Policy Cancellation Agreement, dated as of June \_\_, 2011 (the "Cancellation Agreement"). Should the conditions occur that are described above in **"REIMBURSEMENT AGREEMENTS - Mandatory Tender upon Insurer Event of Default or Insurer Downgrade"**, and a City Event of Default also shall have occurred and be continuing, the Banks may provide written notice signed by at least two (2) of the Banks (the "Notice") of the exercise of their right granted under the Cancellation Agreement to request the cancellation of the Bond Policy, specifying the intended effective date of cancellation (the "Cancellation Date"), which shall be the sixteenth (16th) day following the Agent's receipt of the Notice, to the City, the Agent and AGM, and the Agent shall take steps to effect the mandatory tender of the Series 2005 Bonds. In the Cancellation Agreement, the Banks agree that they will not direct the Agent to draw upon the Bond Policy, and the Agent agrees that it will not draw upon the Bond Policy, after the Banks have delivered the Notice.

Upon the mandatory tender of the Series 2005 Bonds, in connection with any remarketing of the Series 2005 Bonds on and after the Cancellation Date, a disclosure document will be delivered to prospective holders of the Series 2005 Bonds that states prominently that the Bond Policy is no longer in effect with respect to the Series 2005 Bonds and the City will file with the MSRB (as herein defined) on or as of the Cancellation Date disclosing that the Bond Policy is no longer in effect with respect to the Series 2005 Bonds.

Should AGM have made payments, directly or indirectly, on account of principal of or interest on Series 2005 Bonds to any holder of the Series 2005 Bonds (the "Holder") prior to the Cancellation Date, AGM will be (a) subrogated to the rights of the Holder to receive the amount of such payment from the City, as provided and from the sources listed in the Ordinance and the Series 2005 Bonds, and (b) deemed the Holder of such Series 2005 Bonds for all purposes under the Ordinance, including, without limitation, the

direction of remedies, the voting or giving consent with respect to remedies and other actions or inactions of the Agent or the City that may require voting or consent, and the filing of proofs of claim and other indicia of ownership in any insolvency proceeding. AGM also will be entitled to receive the amount of principal and interest as provided in the Ordinance and the Series 2005 Bonds, and the parties to the Cancellation Agreement will otherwise treat AGM as the owner of such rights to the amount of such payment.

In connection with the issuance of the Series 2005 Bonds, a debt service reserve policy (the "Reserve Policy") was issued, and AGM is obligated under the terms of the Reserve Policy to make payments in the event conditions specified in the Ordinance occur which would result in a draw being necessary to pay debt service on the Series 2005 Bonds. The Cancellation Agreement provides that upon the cancellation of the Bond Policy in accordance with the terms of the Cancellation Agreement (unless an Insurer Event of Default has occurred and is continuing), the Reserve Policy shall be cancelled by a date that is not more than three years after the Cancellation Date, and the City shall (i) beginning with the first full calendar month following the Cancellation Date, commence funding on a monthly basis an amount sufficient so that the Debt Service Reserve Fund Requirement established pursuant to the Ordinance in support of the Series 2005 Bonds is established (without giving effect to the Reserve Policy) by the date that is three years after the Cancellation Date and (ii) restore any draw on the Debt Service Reserve Fund established pursuant to the Ordinance from over a period of no more than eighteen (18) months as required by the Ordinance. The City further agrees in the Cancellation Agreement not to issue any Additional Revenue Bonds payable from the Reserve Policy.

#### **SWAP MANAGEMENT AGREEMENT**

In connection with the issuance of the Series 2005 Bonds, the City entered into an interest rate swap agreement with Morgan Stanley Capital Services, Inc., as "Counterparty" (see "**CREDIT AGREEMENT**"). A financial guaranty insurance policy (the "Swap Policy") was issued relating to the swap transaction entered into by the City with the Counterparty (the "Swap Transaction"), and AGM is obligated to make certain payments under the Swap Policy in relation to certain events occurring with respect to the Swap Transaction. The City and AGM, in connection with the substitution of the Letters of Credit described in this Information Circular, have entered into an Agreement Regarding Insured Swap Transaction (the "Swap Management Agreement"), in which the City shall be required to terminate the Swap Policy if the Bond Policy is cancelled under the terms of the Cancellation Agreement. In the Swap Management Agreement, upon the termination of the Bond Policy pursuant to the Cancellation Agreement, the City shall provide AGM with (i) on a monthly basis, a statement of the estimated aggregate mark-to-market value of the Swap Transaction and (ii) notice at such time, if any, as the aggregate mark-to-market value of the Swap Transaction is negative \$100,000 or an amount more favorable to the City within two (2) Business Days of that being the case. Unless AGM directs or agrees otherwise, not later than the earlier of (a) ten (10) Business Days after the first date on which the estimated aggregate mark-to-market value of the Swap Transaction payable by the City is zero or on which such estimated aggregate mark-to-market value is positive to the City and (b) three (3) years of the date of the cancellation of the Bond Policy pursuant to the Cancellation Agreement, the City shall do one of the following: (1) designate an early termination date, or other optional termination, with respect to the Swap Transaction, or (2) deliver to AGM the original Swap Policy together with an instrument from the Counterparty satisfactory to AGM deeming the Swap Transaction to no longer be insured and releasing AGM from all further liability under the Swap Policy. **The Swap Management Agreement does provide, however, that the City and AGM agree that in the event the Bond Policy is cancelled as a result of the occurrence of an Insurer Event of Default, the City shall not be obligated to perform its obligations described in the immediately preceding sentence.**

## BOND INSURANCE

### Introduction

*The following information has been supplied by Assured Guaranty Municipal Corp. ("Assured Guaranty Municipal", "AGM", or the "Insurer") for inclusion in this Information Circular. The following information is not complete and reference is made to Appendix E of the 2008 Remarketing Memorandum. No representation is made by the City, its Financial Advisor, the Remarketing Agent or the Banks as to the accuracy or completeness of this information.*

### Bond Insurance Policy

At the time of the issuance of the Series 2005 Bonds, a financial guaranty insurance policy (the "Bond Policy") was issued to guarantee the scheduled payment of principal of and interest on the Series 2005 Bonds when due. AGM is obligated under the terms of the Bond Policy; the form of the Bond Policy is set forth in Appendix E to the 2008 Remarketing Memorandum.

The Bond Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

### Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Assured Guaranty Municipal Holdings Inc. ("Holdings"). Holdings is an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. No shareholder of AGL, Holdings or AGM is liable for the obligations of AGM.

AGM's financial strength is rated "AA+" (stable outlook) by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "Aa3" (negative outlook) by Moody's Investors Service, Inc. ("Moody's"). An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of any security guaranteed by AGM. AGM does not guarantee the market price of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

### *Current Financial Strength Ratings*

On January 24, 2011, S&P published a Request for Comment: Bond Insurance Criteria (the "Bond Insurance RFC") in which it requested comments on its proposed changes to its bond insurance ratings criteria. In the Bond Insurance RFC, S&P notes that it could lower its financial strength ratings on existing investment-grade bond insurers (including AGM) by one or more rating categories if the proposed bond insurance ratings criteria are adopted, unless those bond insurers (including AGM) raise additional capital or reduce risk. Reference is made to the Bond Insurance RFC, a copy of which is available at [www.standardandpoors.com](http://www.standardandpoors.com), for the complete text of S&P's comments.

On October 25, 2010, S&P published a Research Update in which it downgraded AGM's counterparty credit and financial strength rating from "AAA" (negative outlook) to "AA+" (stable outlook). Reference is made to the Research Update, a copy of which is available at [www.standardandpoors.com](http://www.standardandpoors.com), for the complete text of S&P's comments.

On December 18, 2009, Moody's issued a press release stating that it had confirmed its "Aa3" insurance financial strength rating of AGM, with a negative outlook. Reference is made to the press release, a copy of which is available at [www.moodys.com](http://www.moodys.com), for the complete text of Moody's comments.

There can be no assurance as to any further ratings action that Moody's or S&P may take with respect to AGM.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2010, which was filed by AGL with the Securities and Exchange Commission (the "SEC") on March 1, 2011.

#### *Capitalization of AGM*

At December 31, 2010, AGM's consolidated policyholders' surplus and contingency reserves were approximately \$2,578,146,678 and its total net unearned premium reserve was approximately \$2,298,456,380, in each case, in accordance with statutory accounting principles.

#### *Incorporation of Certain Documents by Reference*

Portions of the following document filed by AGL with the SEC relating to AGM are hereby incorporated by reference into this Information Circular and shall be deemed to be a part hereof:

- the Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (which was filed by AGL with the SEC on March 1, 2011).

All information relating to AGM included in, or as exhibits to, documents filed by AGL pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, after the filing of the last document referred to above and prior to the date of this Information Circular shall be deemed to be incorporated by reference into this Information Circular and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

Any information regarding AGM included herein under the heading "**BOND INSURANCE** — Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Information Circular, except as so modified or superseded.

AGM makes no representation regarding the Series 2005 Bonds or the advisability of investing in the Series 2005 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Information Circular or any information or disclosure contained herein, or omitted from this Information Circular, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "**BOND INSURANCE**", and the information set forth in "Appendix E - Specimen Financial Guaranty Insurance Policy", set forth in the 2008 Remarketing Memorandum.

#### **CREDIT AGREEMENT**

In addition to the payment obligations of the City under the terms of each Reimbursement Agreement, in conjunction with the original delivery of the Series 2005 Bonds, and pursuant to the



Ordinance, the City entered into an Interest Rate Swap Agreement (the "Interest Rate Swap Agreement") with Morgan Stanley Capital Services, Inc. (the "Counterparty"), pursuant to which the City is obligated to make payments to the Counterparty calculated on a notional amount equal to the scheduled outstanding principal amount of the Series 2005 Bonds and a fixed interest rate of 4.051% per annum, and the Counterparty is obligated to make reciprocal payments to the City calculated on a notional amount equal to the scheduled outstanding principal amount of the Series 2005 Bonds and a variable rate equal to the 71% of the one-month London Interbank Borrowing Rate (LIBOR) for U.S. deposits. Payments under the Interest Rate Swap Agreement will be made on a net basis on the first day of each month, commencing in October 2008 and ending in November 2025. Interest on the Series 2005 Bonds is determined in a manner that differs from the LIBOR index used to calculate amounts payable to the City under the terms of the Interest Rate Swap Agreement. On the effective date of the Interest Rate Swap Agreement, the Counterparty was rated "Aa3" by Moody's, "AA-" by S&P and "AA-" by Fitch. Payments to be made by the City, if any, under the terms of the Interest Rate Swap Agreement (other than a "termination payment" as discussed below) are on a parity with the City's obligation to pay principal and interest on the Series 2005 Bonds. Arrangements made in respect of the Interest Rate Swap Agreement do not alter the City's obligation to pay principal of and interest on the Series 2005 Bonds and the obligations of the City under each Reimbursement Agreement. As of March 15, 2011, the net aggregate monthly payments the City has made under the Interest Rate Swap Agreement equal \$13,761,794.13.

If either party to the Interest Rate Swap Agreement commits an event of default, suffers a reduction in credit worthiness, or merges with a materially weaker entity, or in certain other circumstances, the Interest Rate Swap Agreement may be terminated at the option of the other party. Accordingly, no assurance can be given that the Interest Rate Swap Agreement will continue in existence until November 2025. If the Interest Rate Swap Agreement is terminated, then current market conditions will determine whether the City will owe a termination payment to the Counterparty or be entitled to receive a termination payment from the Counterparty. Such termination payment generally would be based on the market value of the Interest Rate Swap Agreement on the date of termination and could be substantial. In addition, a partial termination of the Interest Rate Swap Agreement could occur to the extent any Series 2005 Bonds are redeemed pursuant to the City exercising its right to effect an optional redemption of the Series 2005 Bonds. If such optional redemption were to occur, termination payments related to the portion of the Interest Rate Swap Agreement to be terminated will be owed by either the City or the Counterparty, depending on the existing market conditions. The obligation of the City to pay a termination payment to the Counterparty could result in the City issuing Additional Revenue Bonds or Subordinate Obligations (each as defined in the Ordinance) to enable the City to make such a termination payment.

The City's obligation to make scheduled payments under the Interest Rate Swap Agreement is insured by AGM under the terms of the Swap Policy issued in 2005. Any termination payment the City may become obligated to pay under the terms of the Interest Rate Swap Agreement is not covered by the Swap Policy. See "**SWAP MANAGEMENT AGREEMENT**" for a discussion of events that could result in the termination of the Swap Policy.

## **THE REMARKETING AGENT**

Effective June 9, 2009, Morgan Stanley & Co. Incorporated became the sole Remarketing Agent for the Series 2005 Bonds. The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing Series 2005 Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Remarketing Agreement), all as further described herein. The Remarketing Agent is appointed by the City and is paid by the City for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential holders of Series 2005 Bonds.

The Remarketing Agent acts a remarketing agent for a variety of variable rate demand obligations and, at its sole discretion, routinely purchases such obligations for its own account. The Remarketing Agent is

permitted, but not obligated, to purchase tendered Series 2005 Bonds (*e.g.*, because there otherwise are not enough buyers to purchase Series 2005 Bonds), or for other reasons. However, the Remarketing Agent is not obligated to purchase Series 2005 Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Series 2005 Bonds by routinely purchasing and selling Series 2005 Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. The Remarketing Agent is not required, however, to make a market in the Series 2005 Bonds. The Remarketing Agent may also sell any Series 2005 Bond it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Series 2005 Bonds. The purchase of Series 2005 Bonds by the Remarketing Agent may cause the interest rate to be lower than it would be if the Remarketing Agent did not purchase Series 2005 Bonds and may create the appearance that there is greater third party demand for the Series 2005 Bonds in the market than is actually the case. The practices described above also may result in fewer Series 2005 Bonds being tendered in a remarketing.

Pursuant to the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of Series 2005 Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the applicable Rate Determination Date (as defined in the Ordinance). The interest rate will reflect, among other factors, the level of market demand for the Series 2005 Bonds (including whether the Remarketing Agent is willing to purchase Series 2005 Bonds for its own account). The purchase of Series 2005 Bonds by the Remarketing Agent may cause the interest rate to be lower than it would be if the Remarketing Agent did not purchase Series 2005 Bonds. There may or may not be Series 2005 Bonds tendered and remarketed on a Rate Determination Date, the Remarketing Agent may or may not be able to remarket any Series 2005 Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Series 2005 Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent, in its sole discretion, may offer Series 2005 Bonds on any date, including the Rate Determination Date, at a discount to par to some investors.

The Remarketing Agent may buy and sell Series 2005 Bonds other than through the tender process. It is not obligated, however, to do so and may cease doing so at any time without notice and may require holders that wish to tender their Series 2005 Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Series 2005 Bonds other than by tendering the Series 2005 Bonds in accordance with the tender process.

Under certain circumstances, the Remarketing Agent may be removed or has the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement. In the event there is no Remarketing Agent, the Paying Agent/Registrar may assume such duties as described in the Ordinance.

## RATINGS

The Series 2005 Bonds currently have an underlying rating of "A" from S&P. S&P is expected to assign the Series 2005 Bonds the rating of A-1 based on the Letters of Credit and the Reimbursement Agreements.

The Banks have furnished certain information and material to the rating agencies concerning themselves and the Letters of Credit, which are not included in this Information Circular.

The Series 2005 Bonds are also rated "\_\_\_" by S&P as a result of the municipal bond insurance policy of the Insurer. See "**BOND INSURANCE**— Current Financial Ratings" for a description of the current state of the financial guaranty insurance industry and information regarding downgrading and negative changes to the ratings outlook of multiple financial guaranty insurers, including the Insurer.

The ratings described above reflect only the views of S&P, and any explanation of the significance of the ratings may be obtained only from S&P. There is no assurance that any of the ratings will continue for any given period of time or that any rating may not be lowered or withdrawn if, in the judgment of a rating agency, circumstances so warrant. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market prices of the Series 2005 Bonds.

## **THE CITY; DOCUMENTS INCORPORATED BY REFERENCE**

### **General**

The 2008 Remarketing Memorandum (other than Appendices A, B, D and G thereto) is attached hereto as Appendix C, and is incorporated herein by reference. Appendix D to this Information Circular supplements the information contained in Appendix C to the 2008 Remarketing Memorandum. Appendix E to this Information Circular supplements the information contained in Appendix F to the 2008 Remarketing Memorandum.

The City files periodic reports and other information regarding the Airport System with the Municipal Securities Rulemaking Board (the "MSRB"). These reports and information are available free of charge from the MSRB via the Electronic Municipal Market Access system ("EMMA") at [www.emma.msrb.org](http://www.emma.msrb.org).

This Information Circular "incorporates by reference" the information regarding the Airport System the City files with the MSRB, which means that important information is disclosed to you by referring you to those documents. The information regarding the Airport System incorporated by reference is an important part of this Information Circular. The information incorporated by reference includes the City's annual report for the fiscal year ended September 30, 2010, including the consolidated financial statements and consolidating schedules and Management Discussion and Analysis of Financial Condition and Results of Operations that are a part thereof, as well as any filing made by the City in the future. Certain information relating to the current operations and management of the Airport System is set forth below under " – Airport System".

Any statement incorporated or deemed to be incorporated by reference will be deemed to be modified or superseded for purposes of this Information Circular to the extent that a statement contained in this Information Circular modifies or supersedes that statement.

### **Amendments to the Ordinance**

On May 26, 2011, the City Council approved amendments to the Ordinance to effect certain changes in respect to the delivery of the Letters of Credit including, without limitation, providing for the mandatory tender of the Series 2005 Bonds in connection with the cancellation of the Bond Policy. See Appendix D to this Information Circular.

Several of the amendments to the Ordinance relate to the Bond Insurer and the Bond Policy. With respect to claims under the Bond Policy and payments by and to the Bond Insurer, if by 12:00 noon, New York City time, on the Business Day prior to the related scheduled interest payment date or principal payment date (each, a "Payment Date"), there is not on deposit with the Paying Agent/Registrar, after making all transfers and deposits required under the Ordinance (including drawing on any Direct-Pay Credit Facility), moneys sufficient to pay the principal of and interest on the Series 2005 Bonds (other than Bank Bonds and Series 2005 Bonds paid by the Banks, as provided for below) due on a Payment Date, the Paying Agent/Registrar shall make a claim under the Bond Policy and give notice to the Bond Insurer and to its designated agent (if any) (the "Bond Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency, including allocation of such deficiency between the amount required to pay interest on the Series

2005 Bonds and the amount required to pay principal of the Series 2005 Bonds, confirmed in writing to the Bond Insurer and the Bond Insurer's Fiscal Agent by 1:00 p.m., New York City time, on such Business Day by filling in the Notice of Claim and Certificate delivered with the Bond Policy.

In the event the claim to be made is for a mandatory sinking fund redemption installment, upon receipt of the moneys due, the Paying Agent/Registrar shall authenticate and deliver to affected owners of Series 2005 Bonds who surrender their Series 2005 Bonds new Series 2005 Bonds in an aggregate principal amount equal to the unredeemed portion of the Series 2005 Bonds surrendered. The Paying Agent/Registrar shall designate any portion of payment of principal on Series 2005 Bonds paid by the Bond Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 2005 Bonds registered to the then current owner, whether DTC or its nominee or otherwise, and shall issue a replacement Series 2005 Bond to the Bond Insurer, registered in the name of Assured Guaranty Municipal Corp. in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Paying Agent/Registrar's failure to so designate any payment or issue any replacement Series 2005 Bond shall have no effect on the amount of principal or interest payable by the City on any Series 2005 Bond or the subrogation rights of the Bond Insurer.

The Paying Agent/Registrar shall keep a complete and accurate record of all funds deposited by the Bond Insurer into the Policy Payments Account (hereinafter defined) and the allocation of such funds to payment of interest on and principal paid in respect of any Series 2005 Bonds. The Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Paying Agent/Registrar.

Upon payment of a claim under the Bond Policy the Paying Agent/Registrar shall establish a separate special purpose trust account for the benefit of the Bondholders (the "Policy Payments Account") and over which the Paying Agent/Registrar shall have exclusive control and sole right of withdrawal. The Paying Agent/Registrar shall receive any amount paid under the Bond Policy in trust on behalf of the Bondholders and shall deposit any such amount in the Policy Payments Account and distribute such amount only for the purpose of making payments for which a claim was made. Such amounts shall be disbursed by the Paying Agent/Registrar to Bondholders in the same manner as principal and interest payments are to be made with respect to the Series 2005 Bonds. Amounts held by the Paying Agent/Registrar in the Policy Payments Account shall not constitute Gross Revenues or Net Revenues under the Ordinance. Notwithstanding anything to the contrary otherwise set forth in the Ordinance, and to the extent permitted by law and subject to appropriation thereof by the City from the Debt Service Fund, in the event amounts paid under the Bond Policy are applied to claims for payment of principal of and interest on the Series 2005 Bonds, interest on such principal and interest shall accrue and be payable from the date of such payment at the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank or its successor at its principal office in The City of New York, as its prime or base lending rate plus 3%, and (ii) the then applicable rate of interest on the Series 2005 Bonds provided that in no event shall such rate exceed the maximum rate permissible under applicable usury or similar laws limiting interest rates.

Funds held in the Policy Payments Account shall not be invested and may not be applied to satisfy any costs, expenses or liabilities of the Paying Agent/Registrar. Any funds remaining in the Policy Payments Account following a Payment Date shall promptly be remitted to the Bond Insurer.

## **Airport System**

*The 2008 Remarketing Memorandum describes the financial information and statistical data the City has agreed to update on an annual basis, and as noted in "- General" above, that information is incorporated by reference into this Information Circular. The following information relating to the Airport System updates certain narrative information that was contained in the 2008 Remarketing Memorandum.*

### *General*

The Airport System is comprised of airport, heliport and aviation facilities or any interest therein owned, operated or controlled in whole or in part by the City and includes Austin Bergstrom International Airport ("ABIA"), but expressly excludes any heliport or heliports operated by City Departments other than the Aviation Department. ABIA is classified by the Federal Aviation Administration ("FAA") as a medium hub airport. According to Airports Council International, ABIA is the 47th largest airport in the United States based on 2009 total passengers.

The Airport's Five Year Capital Improvement Program beginning FY 2012, totaling \$144,985,000, is funded primarily from cash by Capital Fund contributions (85%), and anticipated FAA and Transportation Security Administration grant funding (15%). The projects for the five year program fall into three categories: Airfield/Apron - \$30,841,000; Terminal - \$81,775,000; and Parking and Roadways - \$32,369,000.

The Department of Aviation has entered into use and lease agreements with the eight major airlines serving ABIA. The current agreements were effective October 1, 2009 and extend five years through September 30, 2014. Under current City ordinance, any airline that does not have a written agreement to operate at the Airport must pay landing fees equal to double the rate paid by carriers who do have an agreement.

#### *Transfers from Airport Capital Fund to Airport Operations Fund*

The Airport System has supplemented revenues available for the payment of operation and maintenance expenses and debt service through the transfer of funds from other available Airport sources, including specifically from the Airport Capital Fund. For the Fiscal Years ended September 30, 2002 through the Fiscal Year ended September 30, 2010, the Airport System transferred on average \$7.4 million annually to the Airport Operating Fund. As is the case with other airports around the country, Airport management continues to explore opportunities to increase non-airline generated revenues at the Airport (e.g., parking, concessions, real estate and other activities).

Set forth below is a table showing the actual and budgeted transfers to the Airport Operating Fund.

#### Austin-Bergstrom International Airport Transfer from Airport Capital Fund to Airport Operating Fund

Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budgeted</u>
\$6,820,511	6,879,187	\$7,146,363	\$7,930,449	\$8,341,513

The transfers to the Airport Operating Fund enable the City to satisfy the rate covenant set forth in the Ordinance as well as satisfying the tests governing the issuance of additional revenue bonds.

#### *Passenger Facility Charges*

Application. Under the Aviation Safety and Capacity Act of 1990 (the "PFC Act"), as modified by the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century ("AIR-21"), the FAA may authorize a public agency to impose a Passenger Facility Charge ("PFC") of \$1.00, \$2.00, \$3.00, \$4.00 or \$4.50 on each passenger enplaned at any commercial service airport controlled by the public agency, subject to certain limitations. On December 20, 1994, the Department of Aviation filed with the FAA a PFC application totaling \$337.8 million for funding a portion of the construction and the financing costs related to ABIA. The scope of the application, to impose and use a \$3.00 Passenger Facility Charge, included construction costs of a passenger terminal complex, airfield facilities, and landside facilities on a pay-as-you-go basis and the financing costs associated with these Passenger Facility Charge qualifying scopes of work.

The FAA approved application number 95-03-C00-AUS on February 8, 1995 for a total of \$333,232,479. PFC collections authorized by this application began in August, 1995. Amounts totaling \$27.2 million, collections through September 1998, together with over collections posted on two earlier applications, were used towards the actual construction costs of the PFC qualifying scopes of work. Beginning October 1998, interest earned and Passenger Facility Charges collected were used for the debt costs associated with the Passenger Facility Charge qualifying scope of work. As of September 2010, PFC collections and interest earned on collections totaled \$191.4 million.

The Aviation Department received approval from the FAA in 2004 amending its current outstanding PFC application to an increase in (i) the PFC collection rate from \$3.00 to \$4.50, (ii) the total authorized collections to \$343,074,546, and (iii) the PFC eligibility amount of the debt service related to the original project funding for the construction of ABIA, effective April 1, 2004. In September 2004, the FAA approved the \$4,125,000 application to impose and use PFC revenue for the installation of the EDS machines and the associated baggage handling system. The proceeds of the Passenger Facility Charges currently imposed by the City are not part of the Net Revenues pledged by the City to the payment of revenue bonds, including the Series 2005 Bonds. In the Ordinance, however, the City covenants and agrees, for the benefit of the owners of revenue bonds, that during each Fiscal Year the City will set aside from any passenger facility charges imposed by the City on enplaned passengers the lesser of (i) such passenger facility charges imposed and collected by the City or (ii) \$4.50 derived from each passenger facility charge so imposed and collected by the City for the payment of debt service on the Prior Lien Bonds and the Revenue Bonds (each as defined in the Ordinance) in the following Fiscal Year, unless the City receives a report from an Airport Consultant showing that an alternative use of all or a portion of such passenger facility charges will not reduce the forecast coverage of Debt Service Requirements with respect to the Prior Lien Bonds and the Revenue Bonds by forecast Net Revenues during the following Fiscal Year (or such longer forecast period as may be covered in the Airport Consultant's Report) to less than 125%.

Sufficiency. The Airport System's ability to collect PFC revenues will vary depending on the actual number of passenger enplanements at ABIA. If the number of enplaned passengers at ABIA falls below projections, actual PFC revenues will fall short of projections. Such a shortfall in PFC collections could have an adverse affect on the timely payment of debt service on bonds secured by a pledge of PFC revenues. This adverse impact could be direct or indirect, if the PFC shortfall results in sufficient increases in landing fees as to impact negatively ABIA's desirability to the airline industry and thus ultimately impact the collection of landing fees at ABIA. While passenger traffic fell after September 11, 2001, and during the economic crisis of 2008 and 2009, traffic at the Airport has recovered resulting in enplanements returning to near record levels in 2011. There can be no assurance as to what passenger traffic, and ABIA revenues, will be in the future.

Availability. The authority to impose and use PFCs is subject to the terms and conditions of the PFC Act, AIR-21 and the related regulations thereto. Failure to comply with the requirements of applicable law, such as the failure to use PFCs strictly for approved PFC projects, may cause the FAA to terminate or reduce the Airport System's authority to impose and collect PFCs. In addition, notwithstanding FAA regulations requiring airlines to collect PFCs to account for PFC collections separately and indicating that those PFC collections are to be regarded as funds held in trust by the collecting airline for the beneficial interest of the public agency imposing the PFC, in the event of a bankruptcy proceeding involving a collecting airline, there is the possibility that a bankruptcy court could hold that the PFCs in the airline's custody are not to be treated as trust funds and that ABIA is not entitled to any priority over other creditors of the collecting airline as to such funds. Also, there is no assurance that the PFC Act, AIR-21, or any other relevant legislation or regulation will not be repealed or amended to adversely affect the Airport System's ability to collect PFCs. The occurrence of any of these events could have an adverse impact on the timely payment of debt service on bonds secured in part by the pledge of PFCs.

No assurance can be given that PFCs will actually be received in the amount or at the time contemplated by the City, or that the Airport System will collect such PFC revenues in amounts or at times sufficient to pay debt service. The amount of actual PFC revenues collected, and the rate of collection, will

vary depending on the actual levels of qualified passenger enplanements at ABIA, and will not necessarily correlate in any way to the debt service requirements of the bonds or other obligations issued for the Airport System to which PFC revenues have been pledged. Regardless of the amount of PFC revenues, the City will be able to apply such revenues to pay debt service only to the extent the City applied bond proceeds to pay the costs of PFC approved projects described in the PFC application that was authorized by the FAA. In addition, the FAA may terminate ABIA's ability to impose PFCs, subject to formal and informal procedural safeguards, if (1) ABIA fails to use its PFC revenues for approved projects in accordance with the FAA's approval, the PFC Act or the regulations promulgated thereunder, or (2) ABIA otherwise violates the PFC Act or regulations.

### *Management*

*Jim Smith, Executive Director of Aviation.* Mr. Smith is responsible for the City's Department of Aviation. He served in executive capacities in Norfolk, Virginia and Dayton, Ohio before joining the City in 1984. Since coming to Austin he has served as Director of Planning and Development, Director of Public Works and Transportation, Assistant City Manager and now Executive Director of the Department of Aviation. He has a Bachelor of Science Degree from the City University of New York and a Master of Public Administration Degree from the University of Dayton.

*Patti Edwards, LAP, Director, Operations & Maintenance.* Ms. Edwards is responsible for all maintenance, operations, security and IT, which include parking, buildings, grounds, airfield, roadways, motor pool and unimproved areas. She has been employed by the City's Aviation Department for over 14 years. She has been in her current position since November 2005. Ms. Edwards has over 25 years experience in Facilities and Project management. She is an active member of BOMA, ACI and AAAE and has earned the Airport Council International certification as an "International Airport Professional".

*Jamy Kazanoff, Assistant Director, Aviation Business Development & Customer Relations.* Ms. Kazanoff is responsible for airport marketing, business development and community relations for ABIA. She oversees the areas of marketing, advertising revenue, passenger air service development, passenger assistance programs, media relations and serves as the point of contact with many Austin-area business and community groups. She has been employed by the City's Aviation Department for ten years. Ms. Kazanoff has 25 years of marketing and business development experience, primarily serving in account executive positions with advertising agencies. She is actively involved in the Airports Council International (ACI) Marketing and Communications Committee, serving as Chairwoman in 2008. She is also active in ACI's International Program, Central Texas Regional Partnership, and Austin Hospitality Council. She is a graduate of The University of Texas at Austin with a Bachelor of Journalism degree.

*David Arthur, CPA, Assistant Director and Chief Financial Officer.* Mr. Arthur is responsible for overall financial management of the Airport System, including financial accounting and reporting, day to day fiscal operations, budgeting, grants administration, airport rate setting, and airport property and contracts management. Before joining the City's Aviation Department in July 2009, he served the Houston Airport System in Financial and Management positions, most recently as Assistant Director, Finance and Budget. He is a graduate of Northwest Missouri State University and a Certified Public Accountant.

*Shane Harbinson, Assistant Director, Planning & Engineering.* Mr. Harbinson is responsible for Airport Planning, Development and Environmental Services. Mr. Harbinson has served in airport positions at Minneapolis St. Paul International, and Midland International in Midland, Texas before joining the City in 1999. Since coming to the City, he has served as Operations Coordinator, Noise Abatement Officer, Airport Planner, Manager of Airport Operations, Assistant Director of Operations and Security, and now Assistant Director of Planning & Engineering and Maintenance. He is a graduate of Saint Cloud State University, Saint Cloud, Minnesota, with a Bachelor of Science in Aviation. He is an active in the American Association of Airport Executives and Airport's Council International.

*Donnell January, Assistant Director, Maintenance and Facilities.* Mr. January is responsible for all Maintenance and Facility Services at ABIA. He oversees the areas of Airline Maintenance, Building Maintenance, Airside Maintenance, Landside Maintenance, Facility Services, Motor-pool and the Sign Shop. He has been employed by the Department of Aviation for five years, and has over 20 years of management experience. Since joining the Aviation Department, Mr. January has served as Division Manager implementing and maintaining the new in-line baggage handling system. Mr. January has a Bachelor of Science Degree from the College of Engineering Technology at Prairie View A&M University, Prairie View, Texas.

## **MISCELLANEOUS**

This Information Circular has been prepared for use by Morgan Stanley & Co. Incorporated, as Remarketing Agent for the Series 2005 Bonds, for the sole purpose of providing information with respect to the Series 2005 Bonds in connection with the substitution of the Letters of Credit for the existing Liquidity Facility issued in support of the Series 2005 Bonds. Except with respect to such matters as provided for in this Information Circular, the 2008 Remarketing Memorandum has not been updated since its date.



## **APPENDIX A**

### **INFORMATION REGARDING THE BANKS**

*The information contained in this Appendix A relates to and has been obtained from the applicable Bank. The delivery of this Secondary Market Information Circular shall not create any implication that there has been no change in the affairs of any of the Banks since the date hereof, or that the information contained or referred to in this Appendix A is correct as of any time subsequent to its date.*

## **APPENDIX A-1**

### **JPMORGAN CHASE BANK, NATIONAL ASSOCIATION**

JPMorgan Chase Bank, National Association ("the Bank") is a wholly owned bank subsidiary of JPMorgan Chase & Co., a Delaware corporation whose principal office is located in New York, New York. The Bank offers a wide range of banking services to its customers, both domestically and internationally. It is chartered and its business is subject to examination and regulation by the Office of the Comptroller of the Currency.

As of December 31, 2010, JPMorgan Chase Bank, National Association, had total assets of \$1,631.6 billion, total net loans of \$531.9 billion, total deposits of \$1,020.0 billion, and total stockholder's equity of \$123.4 billion. These figures are extracted from the Bank's unaudited Consolidated Reports of Condition and Income (the "Call Report") as of December 31, 2010, prepared in accordance with regulatory instructions that do not in all cases follow U.S. generally accepted accounting principles, which are filed with the Federal Deposit Insurance Corporation. The Call Report, including any update to the above quarterly figures, can be found at [www.fdic.gov](http://www.fdic.gov).

Additional information, including the most recent annual report on Form 10-K for the year ended December 31, 2009, of JPMorgan Chase & Co., the 2009 Annual Report of JPMorgan Chase & Co., and additional annual, quarterly and current reports filed with or furnished to the Securities and Exchange Commission (the "SEC") by JPMorgan Chase & Co., as they become available, may be obtained without charge by each person to whom this Official Statement is delivered upon the written request of any such person to the Office of the Secretary, JPMorgan Chase & Co., 270 Park Avenue, New York, New York 10017 or at the SEC's website at [www.sec.gov](http://www.sec.gov).

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The information contained in this Appendix relates to and has been obtained from the Bank. The delivery of the Official Statement shall not create any implication that there has been no change in the affairs of the Bank since the date hereof, or that the information contained or referred to in this Appendix A-1 is correct as of any time subsequent to its date.

## APPENDIX A-2

### KBC BANK, N.V.

KBC Bank N.V., New York Branch ("KBC NYB") is an unincorporated branch of KBC Bank N.V., a naamloze vennootschap (public company of limited liability) organized under the laws of Belgium, whose principal office is located in Brussels, Belgium. KBC Bank N.V. conducts operations through additional offices and agencies in the United States and around the world. Created on June 4, 1998 through the combination of two predecessor Belgian banks, Kredietbank N.V. and CERA Bank C.V., KBC Bank N.V. is subject to regulation by the Belgium Banking Commission and to Belgian banking and accounting law. KBC Bank N.V. maintains its records and prepares its financial statements in accordance with accounting principles generally accepted in Belgium. Such records and financial statements are maintained and prepared in Euro currency (EUR).

One of the largest commercial banks in Belgium, KBC Bank N.V. operates as a universal bank, engaged in commercial and investment banking, and offers comprehensive financial services. KBC Bank N.V.'s branches in Belgium are located exclusively in Brussels and the Flanders region of Belgium. KBC Bank N.V. is indirectly represented through CBC Banque S.A., a majority-owned subsidiary with branches in Brussels and the Walloon region of Belgium.

KBC NYB was originally established in 1977 as a New York Branch of Kredietbank N.V., and has been relicensed by the Banking Department of the State of New York as a New York Branch of KBC Bank N.V. to provide a full range of services in New York. In addition to handling foreign exchange transactions, KBC NYB is active in international payment transactions and the clearing of commercial payments and professional transactions in U.S. Dollars. KBC NYB is also involved in providing financial services, particularly credit, for European (including Belgian) companies operating in the United States, as well as for United States corporations.

#### Selected Consolidated Financial Data of KBC Bank N.V.

Year Ended  
December 31, 2010  
(EUR Millions)

Total Assets	320,823
Amounts Owed to Customers	197,870
Loans and Advances to Customers	150,666
Total Equity	18,147
Net Income	1,860

Conversion Rate: As of December 31, 2010, EUR 0.7485 = US\$1.00

KBC NYB will provide, upon written request and without charge, a copy of KBC Bank N.V.'s Annual Report for the year ended December 31, 2010. Written requests should be directed to: KBC Bank N.V., New York Branch, 1177 Avenue of the Americas, New York, New York 10036, Attention: Controller.

The delivery of this Information Circular shall not create any implication that there has been no change in the affairs of KBC Bank N.V. since December 31, 2010 or that information contained or referred to in this Appendix A-2 is current as of any time subsequent to such date.

## APPENDIX A-3

### ROYAL BANK OF CANADA

Royal Bank of Canada (referred to in this section as "Royal Bank") is a Schedule I bank under the Bank Act (Canada), which constitutes its charter and governs its operations. Royal Bank's corporate headquarters are located at Royal Bank Plaza, 200 Bay Street, Toronto, Ontario M5J 2J5, Canada, and its head office is located at 1 Place Ville Marie, Montreal, Quebec H3C 3A9, Canada.

Royal Bank and its subsidiaries operate under the master brand name RBC. Royal Bank is Canada's largest bank as measured by assets and market capitalization and among the largest banks in the world based on market capitalization. Royal Bank is one of North America's leading diversified financial services companies and provides personal and commercial banking, wealth management services, insurance, corporate and investment banking and transaction processing services on a global basis. Royal Bank and its subsidiaries employ approximately 79,000 full- and part-time employees who serve close to 18 million personal, business, public sector and institutional clients through offices in Canada, the U.S. and 56 other countries.

Royal Bank had, on a consolidated basis, as at January 31, 2011, total assets of C\$721 billion (approximately US\$720 billion\*), shareholders' equity of C\$40 billion (approximately US\$40 billion\*), and total deposits of C\$437 billion (approximately US\$436 billion\*). The foregoing figures were prepared in accordance with Canadian generally accepted accounting principles and have been extracted and derived from, and are qualified by reference to, Royal Bank's unaudited Interim Consolidated Financial Statements included in Royal Bank's Report to Shareholders for the fiscal period ended January 31, 2011.

The senior long-term unsecured debt of Royal Bank has been assigned ratings of AA- (positive outlook) by Standard & Poor's Ratings Services, Aa1 (stable outlook) by Moody's Investors Service and AA (stable outlook) by Fitch Ratings. Royal Bank's common shares are listed on the Toronto Stock Exchange, the New York Stock Exchange and the Swiss Exchange under the trading symbol "RY." Its preferred shares are listed on the Toronto Stock Exchange.

Upon written request, and without charge, Royal Bank will provide a copy of its most recent publicly filed Annual Report on Form 40-F, which includes audited Consolidated Financial Statements, to any person to whom this Official Statement is delivered. Requests for such copies should be directed to Investor Relations, Royal Bank of Canada, by writing to 200 Bay Street, 4th Floor, North Tower, Toronto, Ontario M5J 2W7, Canada, or by calling (416) 955-7802, or by visiting [rbc.com/investorrelations/](http://rbc.com/investorrelations/).

The delivery of this Official Statement shall not create any implication that there has been no change in the affairs of Royal Bank since the date hereof or that the information contained or referred to herein is correct as at any time subsequent to its date.

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\*As at January 31, 2011: C\$1.00 = US\$0.9985

## APPENDIX B

### REIMBURSEMENT AGREEMENT DEFINED TERMS

This Appendix B includes definitions of certain terms used in this Offering Circular and the Reimbursement Agreement.

*"Affiliate"* of a specified Person means any other Person which "controls", or is "controlled" by, or is under common "control" with such specified Person. For purposes of this definition, a Person "controls" another Person when the first Person possesses or exercises directly, or indirectly through one or more other affiliates or related entities, the power to direct the management and policies of the other Person, whether through the ownership of voting rights, membership, the power to appoint members, trustees or directors, by contract or otherwise.

*"Amortization Commencement Date"* means, with respect to each Bank Bond, the earlier to occur of (a) 90 days after the date of the related Liquidity Advance and (b) the Termination Date.

*"Amortization End Date"* means (a) if the Bond Policy has been terminated prior to the related Amortization Commencement Date, the earliest to occur of (i) the fifth (5th) anniversary of the date the related Liquidity Advance was made, (ii) the Conversion Date, and (iii) the Substitution Date, or (b) if the Bond Policy is in effect on the related Amortization Commencement Date, the earliest to occur of (i) the seventh (7th) anniversary of the date the related Liquidity Advance was made, (ii) the Conversion Date, and (iii) the Substitution Date; *provided, however*, that if the Bond Policy is terminated after the related Amortization Commencement Date, the Amortization End Date shall be the earliest to occur of (i) the seventh (7th) anniversary of the date of the related Liquidity Advance, (ii) the fifth (5th) anniversary of the effective date of the termination of the Bond Policy, (iii) the Conversion Date, and (iv) the Substitution Date.

*"Amortization Payment Date"* means (a) the first Business Day of the sixth calendar month immediately succeeding date of the related Liquidity Advance, (b) the first Business Day of each sixth calendar month occurring thereafter prior to the Amortization End Date and (c) the Amortization End Date.

*"Available Amount"* means the amount so designated in each respective Letter of Credit.

*"Bank Bond"* means each Series 2005 Bond purchased for the account of a Bank with the proceeds of a Liquidity Drawing under a Letter of Credit.

*"Bank Fee Agreement"* means each Bank Fee Agreement dated June 1, 2011, between the City and the respective Banks.

*"Business Day"* means any day which is not (a) a Saturday, a Sunday or legal holiday, or (b) a day on which the payment office of the Bank for draws on its Letter of Credit is located is required or authorized by law to remain closed.

*"Code"* means the Internal Revenue Code of 1986, as amended from time to time.

*"Conditions Precedent"* means (a) the representations and warranties of the City contained in the Reimbursement Agreement are true and correct in all material respects as of the date of a Liquidity Drawing (except to the extent that such representations and warranties specifically refer to an earlier date, in which case, the representations and warranties are true and correct as of such earlier date) and (b) no event has occurred and is continuing, or would result from the making of such Liquidity Drawing, which constitutes a Default or a City Event of Default under the Reimbursement Agreement.

*"Custody Agreement"* means each Custody Agreement for the Bank Bonds between the respective Banks and Wells Fargo Bank, National Association dated as of June 1, 2011.

“*Default*” means with any circumstance, condition or event which, with the giving of notice or lapse of time, or both, could reasonably be expected to, unless cured or waived, become a City Event of Default.

“*Drawing*” means, with respect to any Letter of Credit, any drawing honored under such Letter of Credit.

“*Financing Documents*” means the Ordinance, the Series 2005 Bonds, the Bond Policy, the Remarketing Agreement, the Reimbursement Agreement, the Letters of Credit, the Custody Agreement, the Bank Fee Agreement, any Swap Contract related to the Series 2005 Bonds and payable from Net Revenues and the ordinance of the City authorizing such Swap Contracts, the Tender Agent Agreement and the Surety Policy.

“*GAAP*” means generally accepted accounting principles for governmental entities in the United States set forth in the opinions and pronouncements of the Accounting Principles Board, the American Institute of Certified Public Accountants and the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to governmental entities and the circumstances as of the date of determination, consistently applied.

“*Governmental Authority*” means any nation or government, any state, department, agency or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government, and any corporation or other entity owned or controlled (through ownership of common stock or capital) by any of the foregoing.

“*Guarantee*” by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Payment Obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation or to purchase (or to advance or supply funds for the purchase of) such Payment Obligation (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise), (b) entered into for the purpose of assuring in any other manner the obligee of such Payment Obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part) or (c) with respect of any letter of credit issued for the account of such Person or as to which such other Person is otherwise liable for reimbursement for drawings, *provided* that the term Guarantee shall not include (i) endorsements for collection or deposit in the ordinary course of business or (ii) performance or completion guarantees.

“*Insurance Policy*” or “*Bond Policy*” or “*Policy*” means the financial guaranty insurance policy described in the Information Circular under the heading “BOND INSURANCE”.

“*Insurer*” or “*Bond Insurer*” or “*AGM*” means Assured Guaranty Municipal Corp., a stock insurance company organized under the laws of the State of New York, or any successor thereto or assignee thereof.

“*Insurer Downgrade Event*” means the financial strength or claims-paying rating of the Insurer shall be (i) reduced below “Aa3” (or its equivalent) or suspended or withdrawn by Moody’s and (ii) reduced below “AA-” (or its equivalent) or suspended or withdrawn by S&P.

“*Insurer Event of Default*” means the occurrence of one or more of the following events:

- (i) any principal or interest evidenced by the Series 2005 Bonds (including Bank Bonds) is not paid by the Insurer when, as, and in the amounts required to be paid pursuant to the terms of the Bond Policy; or

- (ii) (a) any material provision of the Bond Policy relating to the obligation of the Insurer to make payments of principal and interest thereunder at any time for any reason ceases to be valid and binding on the Insurer in accordance with the terms of the Bond Policy or the New York Department of Insurance, or a court or other Governmental Authority of appropriate jurisdiction shall find or rule or shall enter an order, judgment or decree that the

Bond Policy is not valid and binding on the Insurer or (b) the Insurer shall (1) claim in writing that the Bond Policy is not valid and binding on the Insurer, (2) repudiate the Insurer's obligations under the Bond Policy or (3) initiate legal proceedings seeking an adjudication that the Bond Policy, or any material provision thereof regarding the payment of principal or interest on Series 2005 Bonds (including Bank Bonds) is not valid and binding on the Insurer; or

(iii) a proceeding is instituted in a court having jurisdiction in the premises seeking an order for relief, rehabilitation, reorganization, conservation, liquidation or dissolution in respect to the Insurer or for any substantial part of its property under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or for the appointment of a receiver, liquidator, assignee, custodian, trustee or sequestrator (or other similar official) and such proceeding shall not have been dismissed within ninety (90) days or such court enters an order granting the relief sought in such proceeding; or the New York Department of Insurance shall declare a moratorium on the payment of the Insurer's debts, or the Insurer shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of the Insurer or for any substantial part of its property, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its Payment Obligations (provided for purposes of this definition, "Payment Obligation" shall not include any obligation of the Insurer under any insurance policy or surety bond) as they become due, or an order for rehabilitation, liquidation or dissolution of the Insurer shall be issued; or

(iv) the Insurer fails to make any payment related to principal or interest when due under any insurance policy (other than the Insurance Policy) or surety bond issued by it insuring or supporting the payment of municipal obligations rated by any Rating Agency, and such failure continues for a period of thirty (30) days (it being understood by the Bank that default for purposes of this clause (iv) shall not mean a situation wherein the Insurer contests in good faith its liability under any such policy or policies in light of the claims made thereunder).

*"Insurer Ordinance Event of Default"* means that one or more of the circumstances described in the Ordinance as an Insurer Ordinance Event of Default has occurred as a result of which all references in the Ordinance to the Insurer and all provisions in the Ordinance for the benefit of the Insurer are of no effect (other than rights of the Insurer derived through subrogation and assignment).

*"Interest Payment Date"* with respect to any Series 2005 Bond which is not a Bank Bond, has the meaning set forth in the Ordinance and, with respect to Bank Bonds and Liquidity Advances, means the first Business Day of each calendar month.

*"Letters of Credit"* means the Subseries 2005-1 Letter of Credit, the Subseries 2005-2 Letter of Credit, the Subseries 2005-3 Letter of Credit or the Subseries 2005-4 Letter of Credit, as applicable.

*"Liquidity Advance"* means a Liquidity Drawing which constitutes an advance under a Letter of Credit.

*"Liquidity Drawing"* means a drawing under a Letter of Credit resulting from a failed remarketing of Series 2005 Bonds.

*"Moody's"* means Moody's Investors Service, Inc. and any successor thereto.

*"Obligations"* means all obligations of the City to pay or reimburse each Bank arising under or in relation to the applicable Reimbursement Agreement or the Bank Fee Agreement, including, without limitation, the Reimbursement Obligations, the Letter of Credit Fees (as defined in the Bank Fee Agreement)

and the obligations of the City as provided in the applicable Reimbursement Agreement and including, in each instance, accrued interest thereon.

“*Paying Agent*” or “*Paying Agent/Registrar*” means Wells Fargo Bank, National Association, acting in the capacity of paying agent and registrar for the Series 2005 Bonds, together with any successor thereto named or appointed in accordance with the terms of the Ordinance.

“*Payment Obligation*” of any Person means at any date, without duplication, (i) all obligations of such Person for borrowed money and reimbursement obligations which are not contingent, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services which purchase price is due twelve (12) months or more from the date of incurrence of the obligation in respect thereof, (iv) all obligations of such Person as lessee under capital leases, (v) all Payment Obligations of others Guaranteed by such Person, and (vi) all payment obligations of such Person, in addition to any obligations set forth in clauses (i) through (v) above, arising under any Swap Contract; *provided* that it is understood that any Payment Obligation does not include contingent obligations of such Person to reimburse any other Person in respect of surety bonds or letters of credit to the extent that such surety bonds or letters of credit support any Payment Obligation of such Person.

“*Person*” means any individual, partnership, firm, corporation, association, joint venture, trust or other entity, or any government (or political subdivision or agency, department or instrumentality thereof).

“*Reimbursement Obligations*” means, without duplication, any and all obligations of the City to reimburse the Bank for any Drawings under the Letters of Credit, including, without limitation, any outstanding Liquidity Drawing and outstanding Bank Bonds.

“*Remarketing Memorandum*” means this Information Circular relating the Series 2005 Bonds, including any supplement or amendment thereto, and any other offering document from time to time distributed relating to the Series 2005 Bonds.

“*Required Banks*” means any two (2) of the three (3) Banks.

“*S&P*” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, and any successor thereto.

“*Series 2005 Bonds*” means the City of Austin, Texas, Airport System Refunding Revenue Bonds, Series 2005 (AMT), consisting of the Subseries 2005-1 Bonds, the Subseries 2005-2 Bonds, the Subseries 2005-3 Bonds and the Subseries 2005-4 Bonds.

“*Stated Expiration Date*” means June 21, 2014, as such Stated Expiration Date may be extended with respect to a Letter of Credit in accordance with the terms of such Letter of Credit.

“*Subseries 2005-1 Bonds*” means the \$62,075,000 Subseries 2005-1 Bonds.

“*Subseries 2005-1 Letter of Credit*” means the irrevocable transferable direct-pay letter of credit issued by JPM for the Subseries 2005-1 Bonds.

“*Subseries 2005-2 Bonds*” means the \$62,050,000 Subseries 2005-2 Bonds.

“*Subseries 2005-2 Letter of Credit*” means the irrevocable transferable direct-pay letter of credit issued by JPM for the Subseries 2005-2 Bonds.

“*Subseries 2005-3 Bonds*” means the \$62,100,000 Subseries 2005-3 Bonds.

“*Subseries 2005-3 Letter of Credit*” means the irrevocable transferable direct-pay letter of credit issued by KBC for the Subseries 2005-3 Bonds.

“*Subseries 2005-4 Bonds*” means the \$62,125,000 Subseries 2005-4 Bonds.

“*Subseries 2005-4 Letter of Credit*” means the irrevocable transferable direct-pay letter of credit issued by Royal Bank for the Subseries 2005-4 Bonds.



“*Substitute Credit Facility*” means any credit facility or liquidity facility supporting the Bonds issued in substitution for any Letter of Credit in accordance with the terms of the Ordinance.

“*Surety Policy*” or “*Reserve Policy*” means the municipal bond debt service reserve insurance policy effective August 17, 2005, provided by the Insurer for the debt service reserve fund requirement for the Series 2005 Bonds.

“*Swap Contract*” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “*Master Agreement*”), including any such obligations or liabilities under any Master Agreement.

“*Tender Agent*” means Wells Fargo Bank, National Association, acting in the capacity of tender agent for the Series 2005 Bonds, together with any successor thereto named or appointed in accordance with the terms of the Ordinance.

“*Tender Agent Agreement*” means the Amended and Restated Tender Agency Agreement between Wells Fargo Bank, National Association, in its capacity as tender agent, and the City, dated as of June 1, 2011, relating to the Series 2005 Bonds.

## **APPENDIX C**

### **2008 REMARKETING MEMORANDUM**

*The information contained in this Appendix C reflects the 2008 Remarketing Memorandum dated April 24, 2008, delivered in connection with the remarketing of the Series 2005 Bonds, other than Appendices A, B, D and G thereto.*

## APPENDIX D

### AMENDMENTS TO THE MULTI-MODAL PROVISIONS

The ordinance adopted by the City Council on May 26, 2011 made several changes to the multi-modal provisions of the Authorizing Ordinance. The changes described below should be read in conjunction with Appendix F to the 2008 Remarketing Memorandum.

**Section A-101 was amended as provided below to add, delete and revise definitions contained in such Section:**

The definition of "BMA Index" was deleted in its entirety.

The definition of "Alternate Rate" was amended to read:

**Alternate Rate** means, on any Rate Determination Date, the SIFMA Swap Index or if the SIFMA Swap Index is no longer published, an index or a rate selected or determined by the City with the consent of the Insurer and the Credit Facility Issuer, which consent shall not be unreasonably withheld.

The definition of "Credit Facility" was amended to read:

**Credit Facility** means any letter of credit, standby bond purchase agreement, line of credit, policy of bond insurance, surety bond, guarantee or similar instrument, or any agreement relating to the reimbursement of any payment thereunder (or any combination of the foregoing), which is obtained by the City and is issued by a financial institution, insurance provider or other Person and which provides security or liquidity in respect of any Bond (but excluding, for purposes of this Appendix A, any Liquidity Facility as defined below) which is obtained by the City pursuant to Section A-501 hereof and that provides (to the extent, and subject to the terms and conditions, set forth therein) for the payment of principal of and interest on the Bonds of a subseries becoming due and payable during the term thereof, as the same may be amended or supplemented from time to time.

The definition of "Liquidity and Credit Amount" was amended to read:

**Liquidity and Credit Amount** means at any time:

(i) in the case of a Credit Facility and/or a Liquidity Facility that is not also a Direct-Pay Credit Facility and with respect to (a) the Bonds of a subseries bearing interest at the Daily Rate or Weekly Rate, an amount to pay the Purchase Price equal to the principal amount (and, with respect to a Credit Facility, Redemption Price) of the Bonds of the Series then Outstanding plus an interest amount equal to 35 days' interest thereon calculated at the Maximum Rate on the basis of a 365 day year for the actual number of days elapsed; and (b) the Bonds of a subseries in the Term Rate Mode, an amount equal to the principal amount (and, with respect to a Credit Facility, Redemption Price) of such Bonds then Outstanding plus an interest amount equal to 187 days' interest thereon calculated at the then applicable Term Rate, and with respect to both clauses (a) and (b), such other interest amount as may be required by any Rating Agency at the time of delivery of such Credit Facility and/or Liquidity Facility; and

(ii) in the case of a Credit Facility and/or a Liquidity Facility that is also a Direct-Pay Credit Facility and with respect to (a) the Bonds of a subseries bearing interest at the Daily Rate or Weekly Rate, an amount to pay the Purchase Price equal to the principal amount (and, with respect to a Credit Facility, Redemption Price) of the Bonds of the Series then Outstanding plus an interest amount equal to 45 days' interest thereon calculated at the Maximum Rate on the basis of a 365 day year for the actual number of days elapsed; and (b) the Bonds of a subseries in the Term Rate Mode, an amount equal to the principal amount (and, with respect to a Credit Facility, Redemption Price) of such Bonds then Outstanding plus an interest amount equal to 197 days' interest thereon

calculated at the then applicable Term Rate, and with respect to both clauses (a) and (b), such other interest amount as may be required by any Rating Agency at the time of delivery of such Credit Facility and/or Liquidity Facility.

The definition of "Purchase Price" was amended to read:

**Purchase Price** means an amount equal to the principal amount of any Bond of a subseries purchased on any Purchase Date or Mandatory Purchase Date, plus, unless the Purchase Date or Mandatory Purchase Date for such Bond is also an Interest Payment Date, accrued interest to the Purchase Date or Mandatory Purchase Date, as the case may be.

The definition of "Rating Agencies" was amended to read:

**Rating Agencies** means Fitch, Moody's and S&P, or such other nationally recognized securities rating agencies selected by the City and then rating the Bonds at the request of the City.

The definition of "Remarketing Agreement" was amended to read:

**Remarketing Agreement** means the remarketing agreement entered into between the City and the Remarketing Agent with respect to the Bonds of a subseries pursuant to which the Remarketing Agent has agreed to use its best efforts to remarket the Bonds of such subseries on any Purchase Date or Mandatory Purchase Date at a price of not less than 100% of the principal amount thereof.

The definition of "Termination Date" was amended to read:

**Termination Date** means, with respect to a Credit Facility or a Liquidity Facility, (i) the date on which such Credit Facility or Liquidity Facility shall terminate pursuant to its terms or otherwise be terminated prior to its Expiration Date, (ii) the date on which the obligation of the Credit Facility Issuer or the Liquidity Facility Issuer to provide a loan shall terminate, or (iii) the date on which the Bond Insurance Policy shall terminate or be cancelled; provided, however, that "Termination Date" is no longer effective by reason of its Expiration Date.

The following definitions were added:

**Redemption Price** means, when used with respect to a Bond and if not specified in the Ordinance, the principal amount of such Bond plus the applicable premium specified in a Pricing Certificate, if any, payable upon redemption thereof, plus interest accrued to the Redemption Date.

**SIFMA Swap Index** means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Securities Industry & Financial Markets Association (formerly the Bond Market Association) ("SIFMA") or any Person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Paying Agent/Registrar and effective from such date.

**Section A-304 was deleted in its entirety and replaced with the following:**

Section A-304                      Redemption of Bank Bonds.

(a) The Bank Bonds of a subseries shall be subject to redemption at the option of the City, in whole or in part, on any Business Day, at the Redemption Price equal to the principal amount thereof, plus accrued interest to the Redemption Date.

(b) The Bank Bonds of a subseries also shall be subject to mandatory redemption as provided in a Liquidity Facility.

**Subsection (b) of Section A-401 was deleted in its entirety and replaced with the following:**

(b) The Owners of Bonds of a subseries in a Weekly Rate Mode that are not Bank Bonds may elect to have such Bonds (or portions thereof in Authorized Denominations) purchased at a price equal to the Purchase Price upon delivery of an irrevocable written notice of tender to the Tender Agent and Remarketing Agent, at their respective Principal Offices, not later than 5:00 p.m. on a Business Day not less than seven (7) days before the Purchase Date specified by the Owner. Such notice shall (i) state the number and the principal amount of such Bond being tendered and (ii) state that such Bond shall be purchased on the Purchase Date so specified by the Owner. The Tender Agent shall notify the City by the close of business on the next succeeding Business Day of the receipt of any notice pursuant to this paragraph.

**Subsection (b) of Section A-403 was deleted in its entirety and replaced with the following:**

(b) the fifth calendar day (or if such day is not a Business Day, the preceding Business Day) preceding the Termination Date of a Credit Facility, a Liquidity Facility or the Bond Insurance Policy, which fifth calendar day is hereinafter referred to as a "Termination Tender Date", if the Credit Facility or Liquidity Facility permits a draw thereon on the Termination Tender Date;

**Subsection (b) of Section A-405 was deleted in its entirety and replaced with the following:**

(b) Upon receipt of a written notice from the Credit Facility Issuer, the Liquidity Facility Issuer or the City that the Credit Facility or the Liquidity Facility, as the case may be, will terminate, that the obligation of the Credit Facility Issuer or the Liquidity Facility Issuer, as the case may be, to provide a loan thereunder will terminate prior to its Expiration Date, or that the Bond Insurance Policy will be cancelled or terminated, the Paying Agent/Registrar shall within one (1) Business Day give notice of the mandatory tender of the Bonds of such subseries that is to occur on such Termination Tender Date if it has not theretofore received from the Credit Facility Issuer, the Liquidity Facility Issuer or the City, as the case may be, a notice stating that the event which resulted in the Credit Facility Issuer, the Liquidity Facility Issuer or the City giving a notice of the Termination Date has been cured and that the Credit Facility Issuer, the Liquidity Facility Issuer or the City has rescinded its election to terminate the Credit Facility, the Liquidity Facility of the Bond Insurance Policy, as the case may be. Notwithstanding anything to the contrary in subsection (f) below, such notice shall be given by Electronic Means capable of creating a written notice. Any notice given substantially as provided by this subsection (b) shall be conclusively presumed to have been duly given, whether or not received by each Owner.

**Subsection (d) of Section A-406 was deleted in its entirety and replaced with the following:**

(d) No Investment; Amounts Applied Solely to Related Series. Amounts held by the Tender Agent in the Liquidity Facility Purchase Account or the Remarketing Proceeds Account relating to the Bonds of a subseries shall not constitute Gross Revenues or Net Revenues under the Ordinance and shall be held uninvested and separate and apart from all other funds and accounts. Amounts so held or available to be drawn under a Liquidity Facility for deposit in a Liquidity Facility Purchase Account shall not be available to pay the Purchase Price of Bonds of any subseries other than Bonds of a subseries that are supported by such Liquidity Facility.

**Subsection (c) of Section A-407 was deleted in its entirety and replaced with the following:**

(c) Transfer of Funds; Draw on Liquidity Facility.

(1) The Remarketing Agent shall at or before 12:00 noon (12:20 p.m. in the case of Bonds of a subseries in the Daily Rate Mode) on the Purchase Date or Mandatory Purchase Date, as the case may be, confirm to the

City, the Paying Agent/Registrar and the Tender Agent the transfer of the Purchase Price of remarketed Bonds of the Series to the Tender Agent in immediately available funds at or before 11:45 a.m. (12:15 p.m. in the case of Bonds of a subseries in a Daily Rate Mode), such confirmation to included the pertinent identifying information with respect to such transfer.

(2) To the extent a Liquidity Facility is in effect, the Tender Agent shall draw on the Liquidity Facility, in accordance with the terms thereof, by 12:25 p.m. on the Purchase Date or Mandatory Purchase Date, as the case may be, in an amount equal to the Purchase Price of all Bonds of the Series tendered or deemed tendered less the aggregate amount of remarketing proceeds confirmed to the City, the Paying Agent/Registrar and the Tender Agent by the Remarketing Agent pursuant to clause (1) of this Section A-407(c) and shall cause the proceeds of such draw to be transferred to the Tender Agent by no later than 2:30 p.m. Notwithstanding the foregoing, the Tender Agent shall draw on the Liquidity Facility, if any, in an amount equal to the Purchase Price of all of Bonds of the Series tendered or deemed tendered for purchase on each Purchase Date or Mandatory Purchase Date, as the case may be, if it does not receive a confirmation from the Remarketing Agent pursuant to clause (1) above of this Section A-407(c).

(3) To the extent a Liquidity Facility is in effect, the Tender Agent shall confirm to the City by 2:40 p.m. on the Purchase Date or Mandatory Purchase Date, receipt of proceeds of any draw on the Liquidity Facility.

**Article A-V was deleted in its entirety and replaced with the following:**

## **ARTICLE A-V**

### **LIQUIDITY FACILITIES AND CREDIT FACILITIES**

#### **Section A-501**

#### **Liquidity Facility and Credit Facility.**

(a) At any time, the City may provide for the delivery of (i) an initial Liquidity Facility and an Alternate Liquidity Facility with respect to the Bonds of any subseries, and/or (ii) an initial Credit Facility and an Alternate Credit Facility with respect to the Bonds of any subseries. The City shall not obtain a Liquidity Facility for the Bonds of a subseries of provide for the delivery of a Liquidity Facility for the Bonds of a subseries without the prior consent of any Credit Facility Issuer for the Bonds of such subseries. Any such Liquidity Facility or Credit Facility shall provide that a Termination Date which permits the City to make on the Termination Tender Date a draw under the Liquidity Facility or the Credit Facility, as the case may be, shall not occur unless written notice thereof is given to the City, the Paying Agent/Registrar and the Tender Agent at least sixteen (16) days prior to the Termination Date. To the extent that any Liquidity Facility or Credit Facility permits the issuer thereof to assign its obligation thereunder, such Liquidity Facility or Credit Facility, as the case may be, shall provide that such assignment shall not be effective unless a written notice of such assignment is given to the City, the Paying Agent/Registrar and the Tender Agent at least sixteen (16) days prior to the effective date of such assignment. On or prior to the date on which a Liquidity Facility or Credit Facility is obtained or delivered to the City, the City shall obtain a Favorable Opinion of Bond Counsel. As provided in Section A-403 hereof, all Outstanding Bonds of the Series to which such Liquidity Facility or Credit Facility relates will become subject to mandatory tender for purchase on the Substitution Date.

(b) The City may execute and deliver any instrument that, upon such execution and delivery by the City, would constitute a "Credit Facility," a "Liquidity Facility" or both.

(c) The City shall deliver to the Paying Agent/Registrar, the Tender Agent, the Credit Facility Issuer, the Insurer and the Remarketing Agent a copy of each Liquidity Facility or Credit Facility obtained pursuant to this article on the effective date of such Liquidity Facility or Credit Facility. If at any time there shall have been delivered (i) an Alternate Credit Facility or Alternate Liquidity Facility in substitution for the Credit Facility or

Liquidity Facility with respect to Bonds of a subseries then in effect and (ii) a Favorable Opinion of Bond Counsel, then, providing that any condition to substitution contained in the existing Credit Facility or Liquidity Facility shall have been satisfied, the Paying Agent/Registrar and/or the Tender Agent, as applicable, shall accept such Alternate Credit Facility or Alternate Liquidity Facility and, subject to subsection (d) of this Section A-501, shall surrender the Credit Facility or Liquidity Facility then in effect to the Credit Facility Issuer or Liquidity Facility Issuer on the effective date of the Alternate Credit Facility or Alternate Liquidity Facility. In the event of an extension of the Expiration Date, the City shall give the Paying Agent/Registrar, the Tender Agent, the Credit Facility Issuer, the Insurer and the Remarketing Agent a written notice of the new Expiration Date at least sixteen (16) days prior to the Expiration Tender Date. In the event of a substitution of a Liquidity Facility with an Alternate Liquidity Facility or of a Credit Facility with an Alternate Credit Facility, the City shall give the Paying Agent/Registrar, the Tender Agent, the Insurer and the Remarketing Agent a written notice of the Substitution Date at least sixteen (16) days prior to such Substitution Date. The City shall give the Paying Agent/Registrar, the Tender Agent, the Insurer and the Remarketing Agent a written notice of its election to terminate the Credit Facility or the Liquidity Facility at least sixteen (16) days prior to the Termination Tender Date resulting from its election to terminate such Credit Facility or Liquidity Facility.

(d) In no event shall the City surrender or cancel a Liquidity Facility relating to the Bonds of any subseries unless it has received funds, either from proceeds of remarketing or a draw under the Liquidity Facility to be surrendered or cancelled, sufficient to pay the Purchase Price of such Bonds to the applicable Mandatory Purchase Date. In no event shall the City surrender or cancel a Credit Facility relating to the Bonds of any subseries unless it has received funds sufficient to pay the Purchase Price of such Bonds to the applicable Mandatory Purchase Date.

(e) The City shall not sell, assign or otherwise transfer the Credit Facility or Liquidity Facility, except in accordance with the terms of the Credit Facility or Liquidity Facility and the Ordinance.

(f) Prior to the Substitution Date, no drawing under an Alternate Liquidity Facility shall be made by the City if the predecessor Liquidity Facility shall be effective and available to make drawings on the date of such drawing. On and after the Substitution Date, no drawing under a predecessor Liquidity Facility shall be made by the City if the Alternate Liquidity Facility shall be effective and available to make drawings on the date of such drawing.

#### Section A-502

#### Direct-Pay Credit Facility Drawing Account.

(a) If a Direct-Pay Credit Facility is in effect with respect to the Bonds of any subseries, there shall be created and established and maintained with the Paying Agent/Registrar a separate account for the Bonds of such subseries to be known as the "[Name of Bonds of a subseries that are secured by such Credit Facility] Direct-Pay Credit Facility Drawing Account" (the "Direct-Pay Credit Facility Drawing Account"). The establishment of such Direct-Pay Credit Facility Drawing Account shall be evidenced in a certificate of an authorized representative of the Paying Agent/Registrar.

(b) The City shall make payments of principal and Redemption Price of and interest on the Bond of a subseries in accordance with the Ordinance into the Debt Service Fund as and when the same shall become due and payable regardless of whether the Direct-Pay Credit Facility is in effect with respect to the Bonds of such subseries.

(c) If a Direct-Pay Credit Facility is in effect with respect to the Bonds of a subseries, the Paying Agent/Registrar shall take all action necessary to draw or make a claim on the related Direct-Pay Credit Facility in such amounts, at such times, and in such manner as shall be necessary to pay the principal and Redemption Price (including, to the extent amounts are available therefor under the Direct-Pay Credit Facility, Sinking Fund Installments) of and interest on all Bonds payable therefrom as and when the same shall become due and payable; provided, however, in the event the Bond Insurance Policy is in effect, any such draw or claim on a Direct-Pay

Credit Facility shall be made at such times in order to receive payment in immediately available funds by 11:30 a.m. on the Business Day immediately preceding the date on which payment is due on the Bonds. The Paying Agent/Registrar shall promptly deposit into the related Direct-Pay Credit Facility Drawing Account all moneys so drawn by the Paying Agent/Registrar under the related Direct-Pay Credit Facility, which shall not be commingled with any other moneys held by the Paying Agent/Registrar and which shall be applied to the payment of such principal, Redemption Price and interest.

(d) Subject to the immediately succeeding paragraph, on each Principal Installment due date or Redemption Date, as the case may be, and Interest Payment Date, the Paying Agent/Registrar shall make payments of principal or Redemption Price of and interest on the Bonds of each Series to their Owners in accordance with the Ordinance.

If a Direct-Pay Credit Facility is in effect with respect to the Bonds of any subseries, notwithstanding the immediately preceding paragraph, the Paying Agent/Registrar shall make payments of principal or Redemption Price of and interest on the Bonds of such subseries to their Owners in the manner provided for in the Ordinance from the moneys deposited in the related Direct-Pay Credit Facility Drawing Account pursuant to subsection (c) of this Section A-502. If sufficient funds are not available in the related Direct-Pay Credit Facility Drawing Account, the City shall apply other moneys, if available in the Debt Service Fund to the extent necessary to make such payment. If the principal or Redemption Price of and interest on the Bonds of a subseries has been paid in full when due and all payments required to be made under the Direct-Pay Credit Facility have been made, the City shall apply remaining moneys, if any, available in the Debt Service Fund in an amount not to exceed the amount of the draw or borrowing under the Direct-Pay Credit Facility to reimburse the Credit Facility Issuer of the Direct-Pay Credit Facility for such draw or borrowing after such draw or borrowing has been honored by the Credit Facility Issuer of the Direct-Pay Credit Facility. In the event the Credit Facility Issuer of the related Direct-Pay Credit Facility for such draw or borrowing is not reimbursed by the City within five (5) Business Days of such draw or borrowing and the Bond Insurance Policy is in effect, the Paying Agent/Registrar may make a claim under the Bond Insurance Policy on behalf of the Credit Facility Issuer, if instructed to do so in writing by such Credit Facility Issuer, to the extent provided for in the Bond Insurance Policy and Section 12.02(d) of the Ordinance.

(e) Any amount held by the Paying Agent/Registrar in each Direct-Pay Credit Facility Drawing Account shall not constitute Gross Revenues or Net Revenues under the Ordinance and shall be held uninvested and separate and apart from all other funds and accounts. Amounts so held or available to be drawn under a Direct-Pay Credit Facility for deposit in a Direct-Pay Credit Facility Drawing Account shall not be available to pay the principal or Redemption Price of or interest on any subseries other than the Bonds of a subseries that are supported by such Direct-Pay Credit Facility.

(f) So long as the Bond Insurance Policy is in effect and a Direct-Pay Credit Facility is in effect with respect to the Bonds of any subseries, the Paying Agent/Registrar first shall take all action necessary to draw or make a claim on the related Direct-Pay Credit Facility in such amounts, at such times, and in such manner as prescribed by subsection (c) of this Section A-502.

(g) To the extent that any payment on the Bonds has been made to an Owner with funds provided by a draw under a Direct-Pay Credit Facility for which the related Credit Facility Issuer has not been reimbursed by the City, such Bonds shall be deemed to be unpaid and shall be deemed to remain outstanding for all purposes of this Ordinance and such Credit Facility Issuer shall be subrogated to the rights of the Owner of such Bond. In the event the related Credit Facility Issuer of the Direct-Pay Credit Facility is reimbursed for such draw by a payment under the Bond Insurance Policy or another Credit Facility, such Bond shall be deemed to remain outstanding for all purposes of this Ordinance and the Bond Insurer or the Credit Facility Issuer of such other Credit Facility, as applicable, shall be subrogated to the rights of the Owner of such Bond until such Bond is paid in full by the City.



In addition to any amendments permitted pursuant to Article Nine of the Ordinance, the City, with the consent of the Insurer, may amend any provisions of the Ordinance, including without limitation any provisions of this Appendix A, as the City deems necessary or appropriate in connection with the conversion to a Daily Rate Mode or a Weekly Rate Mode or with the delivery of any Credit Facility or Liquidity Facility.

**The third paragraph of Section A-602 was deleted in its entirety and replaced with the following:**

The Tender Agent shall be selected by the City and shall be a bank or other financial institution that satisfies the qualifications determined by the City and set forth in any applicable provisions of law. The City's execution of a Certificate setting forth the effective date of the appointment of a Tender Agent and the name, address and telephone number of such Tender Agent shall be conclusive evidence that (i) such Tender Agent has been appointed and is qualified to act as Tender Agent under the terms hereof and (ii) if applicable, the predecessor Tender Agent has been removed in accordance with the provisions hereof. Notwithstanding any other provision of this Section A-602 to the contrary, so long as a Credit Agreement is in effect with respect to the Bonds and such Credit Agreement constitutes both a Credit Facility and a Liquidity Facility, the entity serving as Tender Agent for the Bonds shall also serve as Paying Agent/Registrar for the Bonds.

\* \* \* \* \*

*Except as reflected in the amendments described above, all other terms and provisions of the Authorizing Ordinance remain in full force and effect. To the extent of any conflict or inconsistency between the terms and provisions contained in the Authorizing Ordinance and the terms and provisions reflected in this Appendix E, the terms and provisions reflected in this Appendix E shall govern and prevail to the extent necessary to resolve such conflict or inconsistency.*

## APPENDIX E

### CERTAIN REVISIONS TO 2008 REMARKETING MEMORANDUM

***Certain summaries in the 2008 Remarketing Memorandum under the heading DESCRIPTION OF THE BONDS shall be superseded by the descriptions provided below.***

*The summary in the 2008 Remarketing Memorandum under the caption "DESCRIPTION OF THE BONDS – Mandatory Tenders" is replaced in its entirety by the following:*

#### **Mandatory Tenders**

Except for Bank Bonds, the Bonds of a subseries to be changed to any Mode from any other Mode are subject to mandatory tender for purchase on the Mode Change Date at the amount equal to the principal amount of any Bonds of a subseries purchased on the Mandatory Purchase Date plus accrued interest (the "Purchase Price"). Except for Bank Bonds, the Bonds of a subseries shall be subject to mandatory tender for purchase on: (a) the second Business Day preceding the Expiration Date of a Credit Facility or Liquidity Facility, which second Business Day is hereinafter referred to as an "Expiration Tender Date"; (b) the fifth calendar day (or if such day is not a Business Day, the preceding Business Day) preceding the Termination Date of a Credit Facility, a Liquidity Facility or the Bond Insurance Policy which fifth calendar day is hereinafter referred to as a "Termination Tender Date", if the Credit Facility or Liquidity Facility permits a draw thereon on the Termination Tender Date; (c) the fifth calendar day (or if such day is not a Business Day, the preceding Business Day) following the receipt by the City of a written notice from the issuer of a Credit Facility that such Credit Facility will not be reinstated (in respect of interest) to an amount equal to the interest component of the Liquidity and Credit Amount required with respect to the Bonds of such subseries, which fifth calendar day is hereinafter referred to as an "Interest Non-Reinstatement Tender Date"; and (d) the Substitution Date for a Credit Facility or a Liquidity Facility. Except for Bank Bonds, the Bonds of a subseries in the Term Rate Mode are subject to mandatory tender for purchase on each Purchase Date at the Purchase Price. **Notwithstanding the foregoing, in connection with the 2011 substitution of the Letters of Credit for the existing Liquidity Facility, for so long as a Letter of Credit remains in effect, clause (c) does not apply to such Letter of Credit.**

*Notice.* The Paying Agent/Registrar shall, at least fifteen (15) days prior to the Expiration Tender Date with respect to Bonds of a subseries, give notice of the mandatory tender of the Bonds of such subseries on such Expiration Tender Date if it has not therefore received confirmation that the Expiration Date has been extended.

Upon receipt of a written notice from the Credit Facility Issuer, the Liquidity Facility Issuer or the City that the Credit Facility or the Liquidity Facility, as the case may be, will terminate or, that the obligation of the Credit Facility Issuer or Liquidity Facility Issuer, as the case may be, to provide a loan thereunder will terminate prior to its Expiration Date, or the Bond Insurance Policy will be cancelled or terminated, the Paying Agent/Registrar shall within one (1) Business Day give notice of the mandatory tender of the Bonds of such subseries that is to occur on such Termination Tender Date if it has not theretofore received from the Credit Facility Issuer, the Liquidity Facility Issuer or the City, as the case may be, a notice stating that the event which resulted in the Credit Facility Issuer, the Liquidity Facility Issuer or the City giving a notice of the Termination Date has been cured and that the Credit Facility Issuer, the Liquidity Facility Issuer or the City has rescinded its election to terminate the Credit Facility, the Liquidity Facility or the Bond Insurance Policy, as the case may be. Notwithstanding anything to the contrary below, such notice shall be given by Electronic Means capable of creating a written notice. Any notice given substantially as provided herein shall be conclusively presumed to have been duly given, whether or not actually received by each Owner.

Upon receipt of a written notice from the issuer of a Credit Facility that such Credit Facility will not be reinstated (in respect of interest) to an amount equal to the interest component of the Liquidity and Credit Amount

required with respect to the Bonds of such subseries, the Paying Agent/Registrar shall within one (1) Business Day give notice of the mandatory tender of the Bonds of such subseries on such Interest Non-Reinstatement Tender Date if it has not theretofore received from the issuer of the Credit Facility a notice stating that the Direct-Pay Credit Facility has been reinstated to an amount equal to the interest component of the Liquidity and Credit Amount. Notwithstanding anything to the contrary herein below, such notice shall be given by Electronic Means capable of creating a written notice. Any notice given substantially as provided herein shall be conclusively presumed to have been duly given, whether or not actually received by each Owner. **In connection with the 2011 substitution of the Letters of Credit for the existing Liquidity Facility, this provision is not applicable for so long as the Letters of Credit remain in effect.**

The Paying Agent/Registrar shall, at least fifteen (15) days prior to any Substitution Date with respect to a Liquidity Facility relating to any Bonds, give notice of the mandatory tender of such Bonds that is to occur on such Substitution Date.

The Paying Agent/Registrar shall, at least fifteen (15) days prior to (i) any Mode Change Date or (ii) the end of an Interest Period with respect to Bonds of a subseries in the Term Rate Mode, give notice of the mandatory tender for purchase of such Bonds that is to occur on such date.

Notice of any mandatory tender of Bonds of a subseries shall state that such Bonds are to be purchased pursuant to the Ordinance, and shall be provided by the Paying Agent/Registrar or caused to be provided by the Paying Agent/Registrar by mailing a copy of the notice of the mandatory tender by first-class mail to each Owner of Bonds of the Series at the respective addresses shown on the registry books. Each notice of mandatory tender for purchase shall identify the reason for the mandatory tender for purchase, and specify the CUSIP number, Mandatory Purchase Date, the Purchase Price, the place and manner of payment, that the Owner has no right to retain such Bonds and that no further interest will accrue from and after the Mandatory Purchase Date to such Owner. Each notice of mandatory tender for purchase caused by a change in the Mode applicable to the Bonds of a subseries shall in addition specify the conditions that have to be satisfied pursuant to the Ordinance in order for the new Mode to become effective and the consequences that the failure to satisfy any of such conditions would have. In the event a mandatory tender of Bonds of a subseries shall occur at or prior to the same date on which an optional tender for purchase is scheduled to occur, the terms and conditions of the applicable mandatory tender for purchase shall control. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner of any Bond receives the notice, and the failure of such Owner to receive any such notice shall not affect the validity of the action described in such notice. Failure by the Paying Agent/Registrar to give such notice shall not affect the obligation of the Tender Agent to purchase the Bonds of a subseries subject to mandatory tender for purchase on the Mandatory Purchase Date.

*The summary in the 2008 Remarketing Memorandum under the caption "DESCRIPTION OF THE BONDS – Optional Tender of Bonds in Weekly Rate Mode" is replaced in its entirety by the following:*

#### **Optional Tender of Bonds in Weekly Rate Mode**

The Owners of Bonds of a subseries in a Weekly Rate Mode that are not Bank Bonds may elect to have such Bonds (or portions thereof in Authorized Denominations) purchased at a price equal to the Purchase Price upon delivery of an irrevocable written notice of tender to the Tender Agent and the Remarketing Agent, at their respective principal offices, not later than 5:00 p.m. on a Business Day not less than seven (7) days before the Purchase Date specified by the Owner. Such notice shall (i) state the number and the principal amount of such Bond being tendered and (ii) state that such Bond shall be purchased on the Purchase Date so specified by the Owner. The Tender Agent shall notify the City by the close of business on the next succeeding Business Day of the receipt of any notice pursuant to this paragraph.

Notwithstanding anything herein to the contrary, during any period that the Bonds of a subseries are issued registered in the name of DTC or a nominee thereof pursuant to the Ordinance, (i) any notice of tender delivered

shall identify the DTC participant through whom the beneficial owner will direct transfer, (ii) on or before the Purchase Date, the beneficial owner must direct (or if the beneficial owner is not a DTC participant, cause its DTC participant to direct) the transfer of said Bond on the records of DTC and (iii) it shall not be necessary for Bonds of a subseries to be physically delivered on the date specified for purchase thereof, but such purchase shall be made as if such Bonds had been so delivered, and the Purchase Price thereof shall be paid to DTC. In accepting a notice of tender of any Bond of a subseries, the City, the Paying Agent/Registrar and the Tender Agent may conclusively assume that the Person providing the notice of tender is the beneficial owner of the Bonds being tendered and therefore entitled to tender them. The City, the Paying Agent/Registrar and the Tender Agent assume no liability to anyone in accepting a notice of tender from a Person whom it reasonably believes to be such a beneficial owner of the Bonds of the subseries.

*The summary in the 2008 Remarketing Memorandum under the caption "DESCRIPTION OF THE BONDS – Substitute Liquidity Facility" is replaced in its entirety by the following:*

### **Substitute Liquidity Facility**

At any time, the City may provide for the delivery of (i) an initial Liquidity Facility and an Alternate Liquidity Facility with respect to the Bonds of any subseries, and/or (ii) an initial Credit Facility and an Alternate Credit Facility with respect to the Bonds of any subseries. The City shall not obtain a Liquidity Facility for the Bonds of a subseries or provide for the delivery of a Liquidity Facility for the Bonds of a subseries without the prior consent of any Credit Facility Issuer for the Bonds of such subseries. Any such Liquidity Facility or Credit Facility shall provide that a Termination Date which permits the City to make on the Termination Tender Date a draw under the Liquidity Facility or the Credit Facility, as the case may be, shall not occur unless written notice thereof is given to the City, the Paying Agent/Registrar and the Tender Agent at least sixteen (16) days prior to the Termination Date. To the extent that any Liquidity Facility or Credit Facility permits the issuer thereof to assign its obligation thereunder, such Liquidity Facility or Credit Facility, as the case may be, shall provide that such assignment shall not be effective unless a written notice of such assignment is given to the City, the Paying Agent/Registrar, the Remarketing Agent and the Tender Agent at least sixteen (16) days prior to the effective date of such assignment. On or prior to the date on which a Liquidity Facility or Credit Facility is obtained or delivered to the City, the City shall obtain a Favorable Opinion of Bond Counsel. The Ordinance provides that all Outstanding Bonds of the Series to which such Liquidity Facility or Credit Facility relates will become subject to mandatory tender for purchase on the Substitution Date.

The City may execute and deliver any instrument that, upon such execution and delivery by the City, would constitute a "Credit Facility" or "Liquidity Facility", or both.

The City shall deliver to the Paying Agent/Registrar, the Tender Agent, the Credit Facility Issuer, the Bond Insurer and the Remarketing Agent a copy of each Liquidity Facility or Credit Facility obtained pursuant to the Ordinance on the effective date of such Liquidity Facility or Credit Facility. If at any time there shall have been delivered (i) an Alternate Credit Facility or Alternate Liquidity Facility in substitution for the Credit Facility or Liquidity Facility with respect to Bonds of a subseries then in effect and (ii) a Favorable Opinion of Bond Counsel, then, providing that any condition to substitution contained in the existing Credit Facility or Liquidity Facility shall have been satisfied, the Paying Agent/Registrar and/or the Tender Agent, as applicable, shall accept such Alternate Credit Facility or Alternate Liquidity Facility and, subject to certain provisions of the Ordinance relating to the receipt of sufficient funds to pay the Purchase Price of Bonds then subject of mandatory tender, shall surrender the Credit Facility or Liquidity Facility then in effect to the Credit Facility Issuer or Liquidity Facility Issuer on the effective date of the Alternate Credit Facility or Alternate Liquidity Facility. In the event of an extension of the Expiration Date, the City shall give the Paying Agent/Registrar, the Tender Agent, the Credit Facility Issuer, the Liquidity Facility Issuer and the Remarketing Agent a written notice of the new Expiration Date at least sixteen (16) days prior to the Expiration Tender Date. In the event of a substitution of a Liquidity Facility with an Alternate Liquidity Facility or of a Credit Facility with an Alternate Credit Facility, the City shall give the Paying Agent/Registrar, the Tender Agent, the Bond Insurer, and the Remarketing Agent a written

notice of the Substitution Date at least sixteen (16) days prior to such Substitution Date. The City shall give the Paying Agent/Registrar, the Tender Agent, the Bond Insurer, and the Remarketing Agent a written notice of its election to terminate the Credit Facility or the Liquidity Facility at least sixteen (16) days prior to the Termination Tender Date resulting from its election to terminate such Credit Facility or Liquidity Facility.

In no event shall the City surrender or cancel a Liquidity Facility relating to the Bonds of any subseries unless it has received funds, either from proceeds of remarketing or a draw under the Liquidity Facility to be surrendered or cancelled, sufficient to pay the Purchase Price of such Bonds to the applicable Mandatory Purchase Date. In no event shall the City surrender or cancel a Credit Facility relating to the Bonds of any subseries unless it has received funds sufficient to pay the Purchase Price of such Bonds to the applicable Mandatory Purchase Date.

The City shall not sell, assign or otherwise transfer the Credit Facility or Liquidity Facility, except in accordance with the terms of the Credit Facility or Liquidity Facility and the Ordinance.

Prior to the Substitution Date, no drawing under an Alternate Liquidity Facility shall be made by the City if the predecessor Liquidity Facility shall be effective and available to make drawings thereunder on the date of such drawing. On or after the Substitution Date, no drawing under a predecessor Liquidity Facility shall be made by the City if the Alternate Liquidity Facility shall be effective and available to make drawings thereunder on the date of such drawing.

*The summary in the 2008 Remarketing Memorandum under the caption "DESCRIPTION OF THE BONDS – Paying Agent/Registrar" is replaced in its entirety by the following:*

#### **Paying Agent/Registrar**

Interest on and principal of the Bonds will be payable, and transfer functions will be performed at the Designated Payment/Transfer Office of the Paying Agent/Registrar; currently, its corporate trust office is in Minneapolis, Minnesota. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times while the Bonds are outstanding and any successor Paying Agent/Registrar shall be a commercial bank, trust company organized under the laws of the State of Texas or the United States of America, or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause of written notice thereof to be sent to each registered owner of the Bonds by United States mail, first-class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar. So long as a Credit Agreement is in effect with respect to the Bonds and such Credit Agreement constitutes both a Credit Facility and a Liquidity Facility, the entity serving as Paying Agent/Registrar also shall serve as Tender Agent for the Bonds.